impact investing institute

IMPACT INVESTORS COUNCIL

Unlocking Investor Action for a Just Transition in India's Fashion Sector

Case Study Feature

With insights from

UPAYA SOCIAL VENTURES

About the Programme and Case Study

India's textile and apparel sector sits at the intersection of global supply chains, domestic industrial growth, and climate transition. At the end of this value chain lies one of its most complex and underserved challenges: the management of textile waste, an ecosystem that is largely informal, fragmented, and reliant on the waste worker communities whose contributions are critical yet remain largely invisible to mainstream finance and investment frameworks.

Over the past year, the Impact Investing Institute and Impact Investors Council jointly implemented the programme ***"Unlocking Investor Action for a Just Transition in India's Fashion Sector."***

The programme adopted a value-chain approach, examining transition challenges across production, manufacturing, consumption, and recycling to identify where climate and community outcomes converge and where investment opportunities may emerge.

The programme engaged over 100 stakeholders across four major convenings in India and the UK, alongside more than 25 in-depth interviews with investors, financial institutions, brands, policymakers and entrepreneurs. A consistent finding emerged throughout the programme - **'The constraint is not a lack of capital, nor a lack of solutions, but how both are structured, aligned, and deployed.'**

As part of this programme, we wanted to document impactful initiatives across the value chain - identifying practitioners who are actively working to address these gaps and capturing their experiences in a format that is beneficial to investors, entrepreneurs, and ecosystem actors. These case studies are the result of that effort. Each features an initiative or fund that is doing meaningful work at a specific point in the value chain, and each of the case studies was developed through direct engagement with the practitioners behind it.

Each case study is structured in two parts:

1. The first provides a snapshot of the fund or initiative, covering its overview, financing structure, funding amounts, partners involved, and the impact measurement frameworks in use.

2. The second part presents practitioner insights, structured as an interview, in which they share their on-ground experiences, the emerging pathways, the challenges they have encountered, and the lessons that have emerged from working in this sector.

The first section is intended to give readers a clear understanding of what the initiative is and how it is structured; the second is designed to surface the on-ground nuances.

This case study features **Upaya Social Ventures Technical Assistance Facility for Textile Waste Management** anchored by Laudes Foundation, combining concessional financing with impact-linked incentives and tailored technical assistance for three enterprise partners: Saahas Zero Waste, WeVois Labs, and Green Worms. It explores how this financing model was designed and implemented in practice, what it revealed about enterprise readiness in an early-stage sector, and the lessons it offers for investors seeking to deploy capital in a segment where worker inclusion is foundational to commercial viability.

This case study is part of a series accompanying the learning report Unlocking Investor Action for a Just Transition in India's Fashion Sector. The report will be published in May 2026. Visit Impact Investing Institute Publications to access the full report.

To explore other impactful case studies from this programme, visit Impact Investing Institute. We continue to add to this collection as part of our ongoing effort to showcase what is working on the ground and what the ecosystem needs to build further momentum toward a just transition.

Upaya Social Ventures - Technical Assistance Facility (TAF) for Textile Waste Management

Inside This Case Study

Source: Upaya Social Ventures

Upaya Social Ventures - Technical Assistance Facility (TAF) for Textile Waste Management

Initiative Snapshot

Overview: The Technical Assistance Facility (TAF) for Textile Waste Management supports high-potential enterprises working in textile waste and circular value chains, with a focus on businesses that place sanitation and waste workers at the centre of their models. Launched in 2024, the facility combines concessional capital with impact-linked incentives and tailored technical assistance. It aims to help selected enterprises build scalable and replicable business models while improving income stability, formalisation, and working conditions within the informal textile waste ecosystem.

Type of Capital: Seed Capital + Technical Assistance (TA-linked capital)

Value Chain Segment: Textile waste management and circular economy (aggregation, sorting, recycling, upcycling)

Geographic Focus: India

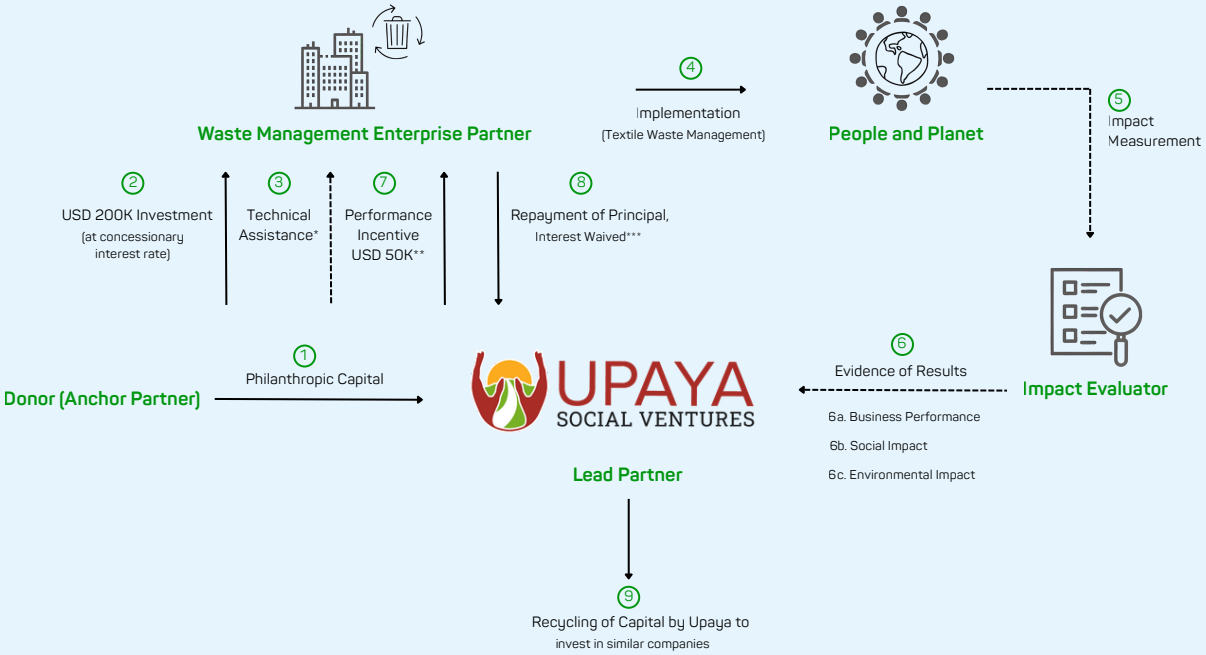
Year Launched: 2024

Fund / Facility Size and Capital Structure

- The facility follows an integrated, performance-linked structure:
  - **Catalytic Anchor:** USD 1.5 million grant from Laudes Foundation
  - **Ticket Size:** ~USD 200,000 seed capital per enterprise
  - **Interest Structure:** Below-market interest rates
  - **Impact-Linked Feature:**
    - Full interest waiver if predefined impact targets are achieved
- Up to USD 50,000 in non-repayable performance incentives

Partners Involved

- Anchor Partner: Laudes Foundation (USD 1.5 million catalytic grant)
- Advisory Partner: Sagana
- Technical Advisor: Fashion for Good
- Resource Partner: Canopy



The structure aligns financial returns with measurable social and environmental outcomes, using an Impact-Linked Finance model.

Frameworks Used for Impact Measurement for this Initiative

The following KPIs were monitored and incentivized for the enterprise partners:

Performance targets for payout after 2 years:

- Transition from informal work (previous employment) to formal work (through employment at Saahas)
- Future fundraising capabilities and additional mobilization of capital
- Business performance alignment

Performance targets for payout after 5 years:

- Diversion of post-consumer textile waste from landfills
- Creation of dignified jobs for people in poverty
- Financially sustainable textile waste management units

How often did impact measurement & reporting happen for this initiative?

Monitoring mechanisms included:

- **Quarterly enterprise reporting**, covering financial performance, job creation, wages, and textile waste diversion.
- **Baseline and midline worker surveys**, designed to understand how employment in textile waste operations was affecting worker livelihoods, income stability, and working conditions.
- **Periodic review calls** with enterprise partners to discuss operational progress, emerging challenges, and areas where additional support might be required.

Source: Upaya Social Ventures

Total Number of Enterprises Supported through this Initiative

Three enterprises

1. Green Worms
2. WeVois
3. Saahas Zero Waste

Number of investments into enterprises across the textile value chain, which consider the interests of the marginalised communities, or empower them

All three enterprises consider the interests of marginalised communities and empower them.

1. Green Worms Eco Solutions is a waste management start-up based in the Kozhikode district of Kerala, India. They focus on organising the waste collection and segregation from tier-2 and tier-3 cities in Kerala and have various domestic and global clients. They are also pioneering in the field of ocean bound plastic and plastic credits in India. They aim to responsibly and sustainably address India's waste problem while creating income and livelihood opportunities for waste workers. They currently employ 10,300 waste workers.

Textile Waste: They primarily handle domestic post-consumer textile waste. In August 2023, GW set up its textile recovery facility (TRF) at Thamarassery in Kozhikode, Kerala. At this facility, collected textile waste is sorted.

Collection of Waste by GW:

The waste collection takes place through a local self help group (SHG) which is associated with Panchayats – Kudumbashree. Currently, GW collects textile waste from 12 panchayats across the following districts in Kerala -

- Kozhikode
- Malappuram
- Kasargode
- Kochi

Since textile waste is not generated on a daily basis, GW repeats the collection from a Panchayat every 2-3 months. GW also organizes collection drives in public places like shopping malls, residential societies.

Source: Upaya Social Ventures

Source: Upaya Social Ventures

2. WeVois Labs Private Limited is a solid waste management company with integrated technology to drive end-to-end, on-ground operations of waste collection services throughout India. It addresses inefficiencies in India's fragmented waste management system by developing an integrated dashboard for real-time, on-the-ground tracking of daily waste collection in participating municipalities. WeVois is creating stable and predictable income for 2699 sanitation workers in this otherwise informal economy, along with reliable data to continue improving waste management.

Textile waste: WeVois offers a comprehensive textile waste management service, collecting textile waste from various sources in Jaipur. After collection, the waste is sorted and recycled in their textile recycling plant to convert non-reusable textiles into fibers and other materials, supporting sustainable waste management. The main focus is on collecting textile waste from households and commercial entities in Jaipur, with plans to expand to other cities in the future.

3. Saahas Zero Waste (SZW) collects and processes waste from corporate offices, residential apartments, manufacturing facilities, schools, hotels, and hospitals across Bangalore and Chennai. The company employs former 'rag pickers' - ultra poor women who previously worked in hazardous conditions scavenging through landfills and other trash dump sites. Saahas provides each employee with a reliable salary, healthcare, pension, insurance benefits, and opportunity to build new skills and knowledge. The company emphasizes a safe and dignified work environment with adequate protective gear and training for hygienic waste handling practices.

Textile Waste: They primarily handle domestic post-consumer textile waste along with some domestic post-production waste (mainly from tailoring units). The company established its Textile Recovery Facilities (TRFs), a pioneering initiative, in Bangalore in 2023 and Gurugram in 2024. At these facilities, collected textile waste is sorted into 30 categories. The waste then undergoes cutting/removal of trim, repair, mending, and cleaning for resale before being sold across the following avenues:

- Recycling,
- Downcycling,
- Upcycling, and
- Sold as seconds

Waste is sent to Panipat for recycling/downcycling. Upcycling (conversion into bags, home decor items) is done by an SHG located at Kanakapura Road, Bangalore. Seconds are sold through a thrift store operated by Saahas within its TRF and to sellers operating in second-hand markets in Bangalore.

Practitioner Insights

Upaya Social Ventures has previously published a detailed Learning Report from the Technical Assistance Facility (TAF) for Textile Waste Management, outlining the rationale, structure, and insights from the initiative. The full report can be accessed here.

This interview builds on that foundation. The questions below are designed to go one level deeper, to explore the strategic design choices, behavioural shifts, capital structuring nuances, and institutional learnings that shaped the facility's implementation, with a view to informing other investors and ecosystem actors.

QE 1. Readiness Thresholds for Financing Textile Waste Management

The textile waste and recycling sector in India remains at an early stage of growth and continues to operate largely within informal systems. In many regions, textile waste is not yet recognised or organised as a distinct waste stream. Within the TAF, some of the supported enterprises had already built capabilities in adjacent waste streams and were expanding into textiles.

What were the key reasons for selecting these specific enterprises for the initiative? In contrast, did you observe any significant readiness gaps among other textile waste enterprises, whether in recognising textile waste as a viable value stream, building aggregation and sorting capacity, integrating informal workers into more structured systems, or meeting the operational and data requirements of an impact-linked financing model?

The textile waste and recycling sector in India remains fragmented and largely informal. In many regions, textile waste is not yet recognised or organised as a distinct waste stream, and operational models for recovery are still evolving. Within this context, the Textile Waste Technical Assistance Facility (TAF) prioritised enterprises that could experiment with textile recovery while managing the operational and financial risks of establishing a new vertical.

The facility worked with three enterprise partners - **Saahas Zero Waste, WeVois Labs, and Green Worms** - all of which had prior experience managing adjacent waste streams such as dry waste processing and materials recovery. While none had worked extensively with textile waste at scale, this operational background reduced execution risk by providing familiarity with waste collection systems, worker-intensive sorting operations, and relationships with waste generators. In practice, however, prior sector experience was less predictive of progress than expected. **Enterprise readiness, particularly leadership commitment and willingness to invest management bandwidth i**n developing a new operational vertical proved more important.

Existing investment relationships also factored into the selection process. All three enterprises had existing investment relationships with Upaya, enabling more direct conversations about experimentation, implementation risks, and the structure of the impact-linked financing (ILF) instrument. During onboarding, each enterprise partner developed a textile waste management business plan in consultation with Upaya and external technical consultants, outlining operational scope, workforce requirements, and potential revenue pathways. **Enterprises also worked with Upaya to translate the ILF structure into enterprise-specific targets**. These discussions required some orientation for founders, as well as periodic check-ins to ensure outcome-linked indicators remained grounded in operational realities.

Operational readiness for textile waste had to be built during implementation. Waste aggregation systems, supply consistency, and buyer relationships were still emerging, and many of the constraints around material variability and downstream demand only became visible once enterprises began processing textile waste at scale. Baseline data systems were established through enterprise reporting and worker surveys, supported by Upaya's internal data and insights team and external climate impact assessments, enabling the tracking of material flows, workforce outcomes, and other performance indicators.

Many smaller or fully informal textile waste operators **currently lack the governance systems, capital resources, and risk absorption capacity required to engage with structured financing.** Entering textile waste as a new vertical requires management time, specialised machinery, and the ability to absorb early operational losses. Expanding participation in future facilities will likely depend on stronger market linkages, clearer demand signals for recovered materials, and continued support for enterprise capacity building.

Source: Upaya Social Ventures

QE 2. Impact-Linked Finance in Practice

The TAF combines seed capital with performance-linked incentives, including an interest waiver and non-repayable impact payments tied to predefined social and environmental targets.

From your experience so far, how have enterprises responded to this structure in practice? Has linking financial incentives to worker and community outcomes meaningfully influenced enterprise behaviour or decision-making?

The Textile Waste Technical Assistance Facility (TAF) combined seed capital with performance-linked incentives, including a potential interest waiver and a non-repayable performance payment tied to predefined social, environmental, and business outcomes. In practice, enterprise partners responded positively to the structure, though it required some initial orientation. Impact-linked finance was new for several founders and their existing investors, and additional conversations were needed to explain how the structure linked capital to outcomes while sharing the risks of developing a new textile waste vertical.

The interest waivers were a meaningful incentive in shaping enterprise priorities around the type of textile waste processed. **TAF agreements required enterprises to work with a defined share of post-consumer textile waste,** which is significantly more complex to sort and process than pre-consumer waste. This helped ensure that enterprises focused on the more operationally challenging parts of the value chain.

Impact targets provided operational direction rather than fundamentally shifting enterprise priorities. However, a key implementation learning was that outcome indicators needed translation into day-to-day operations. Enterprises worked with Upaya to convert ILF metrics into internal tracking systems for worker outcomes, waste diversion, and operational performance.

Enterprises navigated the model differently. For example, WeVois Labs invested in specialised machinery to build a dedicated textile recovery facility, delaying milestone achievement but strengthening long-term operational capacity.

QE 3. People & Livelihood Outcomes

Through the TAF's financing and technical assistance, what worker or community-level changes have you observed within the supported enterprises so far?

We recognise that many social outcomes take time to fully materialise. Based on early implementation, what are the shifts being observed (operational, behavioural, or livelihood-related) that are beginning to emerge?

Early implementation of the Textile Waste Technical Assistance Facility (TAF) has begun to generate several operational and workforce-level shifts within participating enterprises. While many livelihood outcomes will take longer to fully materialise, some early changes are already visible in how enterprises and workers engage with textile waste.

Prior to the facility, enterprise partners primarily worked with other waste streams, such as plastic and dry waste. Textile waste introduced a new material category requiring different handling, sorting, and classification practices.

As a result, both enterprise teams and waste workers have developed **new operational knowledge around textile materials, including fabric types, blends, and appropriate sorting techniques.**

Training has focused on **basic textile handling and sorting practices,** enabling workers to identify different material compositions and separate them according to downstream processing pathways. In several facilities, workers reported that they had gained practical knowledge about fabrics that they had not previously encountered in their day-to-day work.

Working conditions in textile sorting operations remain broadly similar to other waste management activities, with standard safety practices such as **protective masks and gloves in place.**

Enterprises are also tracking workforce indicators more systematically, including **number of jobholders, gender participation, wage levels, and changes in daily income**, as well as comparisons between income before and after employment with the enterprise.

Worker perspectives on these changes are reflected in the responses below.

"I feel happy working at Greenworms. The workplace is safe and I like working in a group.

At my earlier job, I had to travel longer distance. Greenworms is close to my house, and now my family is also happy because I can get back home on a timely basis everyday."

– Sujida, F-44 | Textile waste sorter at Greenworms

"I like working at Saahas because of better pay, and nice work environment. My husband also works at Saahas.

After joining Saahas, I have learnt about different types of materials and their compositions."

– Apsana, F-22 | Textile waste sorter at Saahas

We asked jobholders a series of questions about working with textile waste. Below are the most common responses to the questions we asked:

Qs. Part of the job you would want to change?

- Need more money due to financial issues
- Difficult to deal with Katran, but cannot do anything about it

Most jobholders (13) said that they did not want to change anything

Qs. What do you like to do when you are not working?

- Completing household chores
- Spending time at home, with kids
- Reading, music, sleeping

Qs. If not working here where would you like to work?

- Any other job
- Would have searched for a job similar to my previous job

Qs. What do you expect consumers to do while buying clothes?

- They should think and buy, see if it is necessary

Qs. Any impact on health as a result of dealing with textile waste?

- Itching at times
- Was down with dengue, don't know source

Most jobholders (13) said that they did not want to change anything

Qs. How do you feel when consumers discard brand new clothes?

- Why are they buying if they don't want to wear
- Rich, don't value money
- New clothes are good for resale / upcycling

QE 4. Capital Signaling & Institutional Outcomes

There is often a perception within the investing ecosystem that integrating both climate outcomes and livelihood considerations can be financially and operationally intensive. The TAF, however, intentionally combines these dimensions within a single financing structure.

From your experience, how has operating at this climate-people intersection contributed to Upaya's broader strategic outcomes? For instance, has it strengthened partnerships with funders, attracted aligned collaborators, enhanced pipeline quality across programs, enabled follow-on capital for supported enterprises, or sharpened your capital deployment decisions within the waste ecosystem?

For Upaya, waste management represents one of the clearest use cases for operating at the **climate-livelihood intersection**. In India's circular economy, waste collection and sorting systems rely heavily on informal labour, where employment is often unstable and unprotected. Impact-focused waste management enterprises therefore offer a pathway to address both **environmental outcomes and dignified employment**, creating safer and more stable livelihoods for waste workers while improving resource recovery.

Operating at this intersection has strengthened Upaya's institutional learning and positioning within the ecosystem. Implementing the Textile Waste Technical Assistance Facility (TAF) generated insights across facility design, implementation, and sector dynamics, which will inform how Upaya structures future technical assistance facilities and engages ecosystem partners.

While the facility initially assumed that early results might attract additional catalytic capital, this has not yet materialised. The textile waste sector remains nascent, and investors continue to seek clearer evidence of operational viability and stable market demand.

The enterprise partners involved in the facility were selected for their operational rigour and execution capacity. By developing textile waste as a new operational vertical, they are also positioned as **early movers in the sector**, potentially strengthening their attractiveness to future investors as markets for textile recovery continue to evolve.

Source: Upaya Social Ventures

QE 5. Lessons for Scaling Just Transition Finance in Textile Waste

Looking back at the design and implementation of the TAF, what have been the most important lessons - both enabling factors and structural challenges, in deploying an impact-linked, climate-and-people-focused financing model within the textile waste ecosystem?

If you were to design the next iteration of this facility, what would you approach differently or more intentionally?

A. Design Implications (If Launching a New TAF)

Enterprise readiness mattered as much as prior waste sector experience. While experience in waste management reduced execution risk, it did not guarantee readiness to build textile waste operations. Leadership focus, internal alignment, and management bandwidth played a larger role in determining progress. Technical assistance also worked best when delivered in phases, responding to operational needs as they emerged.

Another key learning was the importance of market development. Enterprises were able to build sorting and recovery capacity, but downstream demand evolved slowly. Future facilities should include buyer engagement, quality alignment, and demand aggregation as core workstreams. Partnerships with specialised ecosystem actors such as recyclers, material innovators, and research institutions should also be embedded early in the facility design.

B. Implementation Implications (If Extending or Replicating This Facility)

Impact-linked finance required ongoing engagement beyond the initial financing structure. Outcome indicators had to be translated into operational metrics and internal tracking systems. This required regular dialogue with enterprise partners. The intermediary role also proved more intensive than expected, involving coordination of technical assistance, facilitation of partnerships, and continuous troubleshooting and ideating.

C. Industry Learnings (Textile Waste Management as a Sector)

Post-consumer textile waste is highly heterogeneous and requires labour-intensive sorting before materials can move into reuse or recycling streams. Manual sorting remains the most reliable method, particularly for blended fabrics. Blends and printed materials dominate post-consumer waste streams but have limited high-value recycling options. Storage constraints, inconsistent buyer demand, and regional variation in textile waste composition also influence operational decisions.

Source: Upaya Social Ventures

D. Implications for the Wider Ecosystem

The sector remains at an early stage. Recycling infrastructure is limited, markets for recovered textiles are still developing, and policy signals are weak. Demonstration models such as the TAF may require longer time horizons before attracting additional catalytic capital. Stronger engagement from brands, buyers, and policymakers, including potential textile Extended Producer Responsibility frameworks, could significantly accelerate market development.

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