Increase Your Impact & Accelerate Scale: Apply for a Climate Solutions Portfolio Grant

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apparel impact institute

Executive Summary

At Apparel Impact Institute, our mission is to identify, fund, and scale science-based, measurable programs within the apparel and footwear industry. In 2022, we proudly introduced the Climate Solutions Portfolio, an initiative designed to champion and fund a curated collection of solutions set on lowering greenhouse gas reductions in apparel and footwear manufacturing. Our goal is to simplify and speed up the adoption of proven and promising solutions and technologies that tackle emissions and create a positive impact.

We define solutions as innovations, technologies, or programs delivering measurable CO_2e reductions. Our focus is to identify the solutions that can help the industry reach its bold target of 50% emissions reduction by 2030.

With our funding we want to help grant applicants:

- Demonstrate & prove success in reducing emissions.
- Reduce the cost per tonne of CO_2e saved ($/t$CO_2e$).
- Improve the business case to increase adoption by unlocking barriers to scale.
- Accelerate scale.
- Become part of our program deployment and blended capital financing pipeline.

We are looking for projects that focus on decarbonization in the following areas:

CSP Levers	Funding Allocation
• Reduce process demand for energy • Reduce energy losses	40%
• Reduce/eliminate GHG emitted from generating heat and electricity	45%
• Reduce emissions from production of natural and synthetic fibers	15%
• Minimize waste in each step of production • Maximize circular reuse of fibers, fabrics, or chemicals	
• Accelerate development of innovative fibers and materials with lower GHG intensity	0%

We have an open and targeted call for grant projects twice a year, in March & September respectively. Our Advisory Council evaluates projects based on the following criteria:

- **Effectiveness –** reduction relative to a typical industrial baseline
- **Reach –** breadth of the supply chain the solution can affect at scale
- **Scale –** how quickly this solution can scale by 2030

Maturity Level	Funding Allocation
Pre-Seed	10%
Pilot	40%
Model	30%
Scale	20%

Understanding the Purpose of the Climate Solutions Portfolio

The Climate Solutions Portfolio was launched in 2022 to identify, fund, and scale climate solutions. Our goal is to simplify and speed up the adoption of proven and promising solutions that tackle emissions and create a positive impact.

We focus on identifying solutions that can help the industry reach its bold target of a 50% emissions reduction by 2030. We define solutions as innovations, projects, or programs that deliver measurable CO_2e reductions.

With our funding we want to help grant applicants:

- Demonstrate & prove success in reducing emissions.
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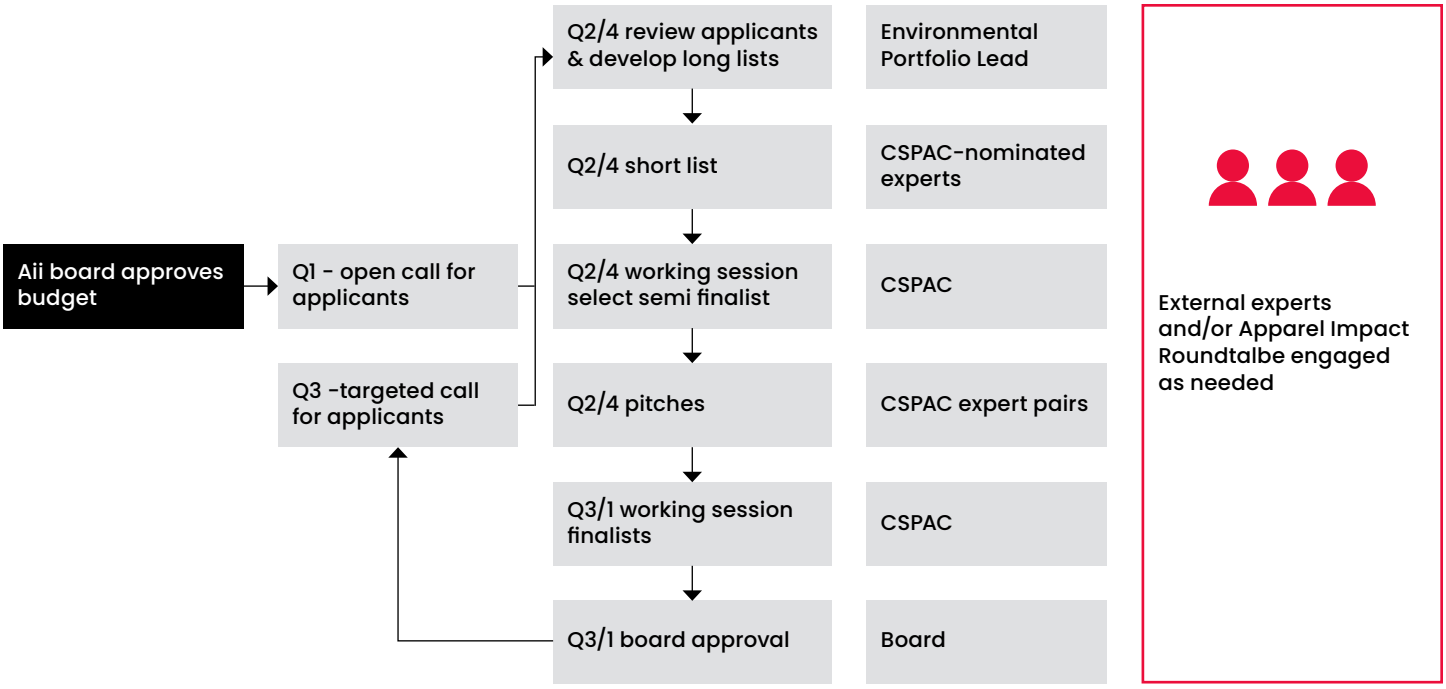
- Accelerate scale.
- Become part of our program deployment and blended capital financing pipeline.

Our objective is to develop a balanced portfolio of solutions. To achieve this, we will conduct two rounds of funding applications each year. The first in Q1 will be an open call, welcoming all types of applications that align with our funding thesis. Following the selection made in the first round we will issue a targeted call for projects in Q3. In the subsequent sections, we detail the criteria governing our grant allocation.

Who is Responsible for Grant Evaluations?

The Climate Solutions Portfolio Advisory Council (CSPAC) serves as a diverse multi-stakeholder body, with its primary function being the determination of which solutions merit inclusion in the Climate Solutions Portfolio (CSP) based on their programmatic impact.

The following figure demonstrates the application stages and who reviews and approves at which juncture, followed by an overview of the CSPAC members.



CSPAC has developed a tool called the Ready Reckoner: Solutions Impact Evaluator. This tool helps compare the effectiveness, reach (the maximum amount of the industry a solution can theoretically affect), and realistic scale-up of proposed solutions. The tool includes baseline energy use and CO_2e emissions for the most widely used materials and processes — and any proposed solution for reducing energy use or CO_2e emissions will be compared to the Aii baseline in order to deliver a consistent appraisal process. The energy use and emission baseline is calculated for supply chain tiers, processes, and even sub-processes using data from the WRI "Roadmap to Net Zero" report, other publicly available data sources, and subject matter experts' professional judgment. By going to this level of detail, we can assess the potential real-world emission reductions of proposed solutions in a given timescale — typically by 2030. The Solutions Impact Evaluator generates a good, qualitative figure of total GHG emissions for each solution to ensure our decision-making is data-driven and that we support the most impactful projects.

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Head of Sustainability, Arvind

CSP Priority Areas

In this section we provide detail on what types of projects we are looking to supporrt for the levers outlined in the table below.

Reduce Process Demand for Energy & Reduce Energy Losses

While much work has already been done in this area, a lot more needs to be leveraged both in the best available technology as well as innovative and disruptive solutions.

We are most interested in projects that:

- Implement the most advanced technology on a large scale.
- Pioneer novel approaches in the energy demand and losses domain or address previously unmet challenges.
- Promote industry-wide learning to expedite the broad-scale adoption of energy-efficient practices.

We will allocate a specified amount of funding annually to expand current energy efficiency programs. These programs are notably cost-effective when considering the cost per unit of CO_2 emissions reduced ($/$CO_2$e). This strategy will effectively 'supplement' our portfolio's investment in less established solutions, ensuring that our grant funding achieves its decarbonization objectives.

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Reduce/Eliminate GHG Emitted from Generating Heat and Electricity

HEAT: We are keen to fund projects that diminish or eradicate the reliance on fossil fuels for heat and steam generation. Because low-carbon thermal alternatives are globally available but not universally suitable across countries/regions/localities, we will only consider projects adopting a context-based approach, i.e., accounting for the local grid fuel mix. To direct grant funding to the most fitting projects, we have commissioned a study to devise a thermal roadmap for the sector.

ELECTRICITY: Deployment of alternative energy sources needs to scale rapidly. We are looking for projects that support the sector in overcoming barriers to scale, such as advancements in battery storage technology or distinctive scenarios tailored to specific countries or facility types. We will earmark a portion of our annual funding to enhance existing renewable energy initiatives. This decision acknowledges that operational expenses for these projects can still pose challenges. We've initiated a comprehensive roadmap focusing on energy storage which will inform our funding decisions.

Reduce Emissions from Production of Natural & Synthetic Fibers

Our objective here is to provide grants to solutions and programs that curtail the emissions intensity of prevalent materials. Specifically, we want to support solutions that reduce the CO2e emissions associated with the cultivation of natural fibers and the production of synthetic fibers.

For agricultural projects, we will only focus on emissions reduction rather than carbon removal (such as through regenerative practices). Although we are keen to learn about carbon removal, we note that the field of accounting and verifying such removals is still emerging and premature for our evaluations which require a more solid basis for our reduction calculations. Therefore, we will not be funding projects that focus solely on carbon removal.

Minimize Waste in Each Step of Production

Through thoughtful design, judicious material selection, and innovative manufacturing methods, companies can significantly reduce material waste during production. We are looking for projects in this lever to address production impacts as these are generally more straightforward to monitor and prove their emissions reduction impact.

Maximize Circular Reuse of Fibers, Fabrics or Chemicals

We will be focusing only on the production side of this lever, specifically looking at accelerating and enhancing textile-to-textile recycling. We acknowledge that it is difficult to demonstrate the decarbonization impact of recycling as downstream end-of-life data is of a low quality and displacement of virgin materials is hard to prove. If this is the case, please provide assumptions-based effectiveness calculations and justifications through methodological explanations.

Low-Priority Areas

For low-priority areas, please be advised that due to resource constraints and a focus on high-priority levers, we are currently unable to accept applications for grant funding in the following domains. We appreciate your understanding and encourage you to stay tuned for any updates regarding the expansion of our acceptance criteria to include a broader spectrum beyond our 2030 focus.

- Downstream consumer-focused circularity solutions (i.e. repair, resale)
- Innovative materials
- Data technology/traceability tools or programs
- Measurement and verification (M&V) programs or methods
- Training/programs for capacity development
- Studies to improve understanding of baseline emissions of apparel manufacturing such as with LCAs
- Technology to capture, store, repurpose, or reutilize carbon

The advisory council may identify crucial knowledge gaps that can be filled with such projects; however, those projects will be proactively designed and requested through a targeted call for proposals.

Commercialization Stage

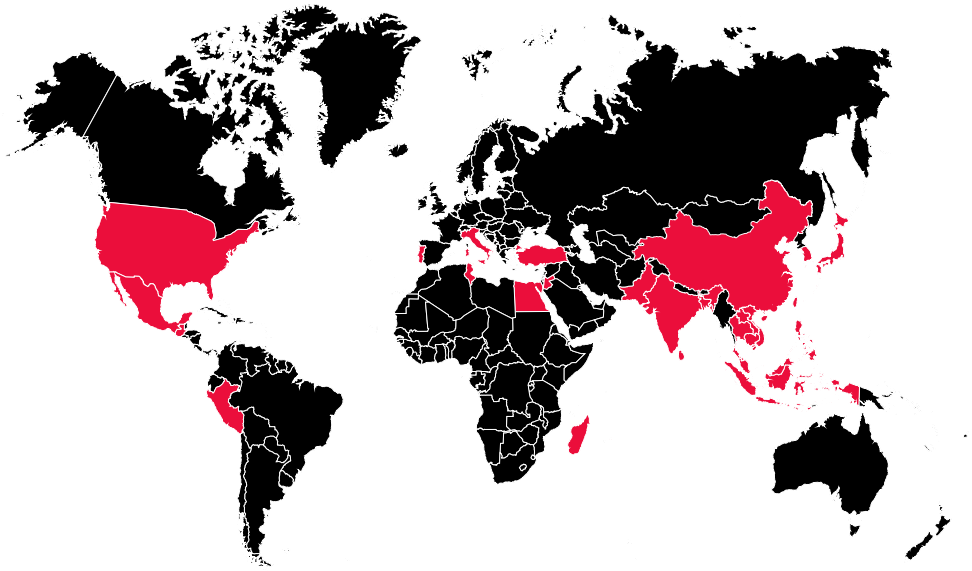
We have defined and established funding allocation for different stages of commercialization.

Commercialization stage	Definition	Considerations for funding
Pre-seed	Solutions that are at a concept level and in the process of evaluating and establishing their impact potential.	We will be selecting pre-seed solutions that have a clearly defined, feasible and rapid plan to scale. We will not support projects seeking to prove concepts.
Pilot	Solutions that are in the process of testing their solution to demonstrate a proof of concept.	Solutions looking to move from pilot to model are our sweet spot. The purpose of funding at this stage is to evaluate opportunities for and barriers to scale, allowing for customized deployment of the solution.
Model	Solutions that are working towards de-risking and reducing known barriers to scale	Funding should be used to iron out any remaining barriers, risks or lack of knowledge preventing widespread deployment of the solution.
Scale	Solutions that are commercially viable with a proven go-to-market strategy	In these projects we see the funding facilitating a large-scale implementation project and supporting solutions with connections to our large network to ensure the right actors are involved.

Regions

We aim to foster diversity in project types, sizes, and geographical locations in the textile and apparel sector. We are focused on the highest producing and emitting countries as well as those that have a strategic focus for Aii. This includes China, India, Bangladesh, Vietnam, Indonesia, India, Turkey, Sri Lanka, Taiwan, Japan, South Korea, and Pakistan. We stress the importance of considering local context and feasibility - especially concerning energy sources.

Aii's regional footprint:



Navigating the Evaluation Landscape: What We Look For

Data

If you are applying, we require specific data to assess the effectiveness, reach, and scale of the proposed solution.

Our preference is to receive impact calculations based on measured data. However, we recognize that some solutions may not have primary and measured data at the point of application due to where they are in the commercialization cycle. If your project is in the pre-seed or pilot phase, we will accept projected emissions savings or secondary data. For technology-driven applications, submission of the innovation's performance data is essential.

Where estimated data is used we will require the underlying assumptions behind the scenario analysis and its associated parameters such that this estimation can be evaluated.

Where secondary sources are used we expect that the secondary data and associated studies selected are as closely related to the conditions of the applying solution as possible. It must be made clear how your solution is similar or different to the secondary source being used. Where calculations have been made based on secondary data we require a methodological explanation of the assumptions used so that the reviewing experts and advisory council members can assess to what extent the calculations are realistic.

Effectiveness

This is the magnitude of the reductions the solution is estimated to deliver relative to a typical industrial baseline.

Our priority is to highlight solutions that demonstrate significant reductions in GHG emissions by the year 2030. Refer to our application guidelines to calculate effectiveness based on the baseline scenarios outlined. We will evaluate applications according to the projected average impact of a solution, as well as the total emissions reduced through the grant-funded project itself.

Reach

The reach of a solution is the percentage of the industry it has the potential to affect.

While your solution might boast high emissions reduction potential, its impact could be limited if it only addresses a niche segment within the market. In such instances, the overall impact on emissions reduction may be comparatively less significant and, consequently, less preferred. To ensure a comprehensive evaluation of reach, we urge you to specify where your solution can be applied. This precision is crucial for accurately calculating the full extent of its impact.

Scale

Scale is a credible, realistic projection of how quickly a solution can be implemented to achieve its maximum potential.

We prioritize solutions that are already at scale or well into their scale up phase, enabling widespread deployment by 2030. Consequently, solutions encountering significant barriers to implementation will not be considered. However, if any of these barriers can be mitigated through CSP grant funding and consequently facilitate the scalability of your solution, this is of great interest and should be explicitly communicated in the application.

Funding Ask

We are offering $50,000-250,000 of grant funding per year of a grant project. We aim to support projects that promise the most significant CO_2e reduction for each dollar spent, and to eliminate obstacles to implementation. We evaluate projects based on the expected cost per metric ton of CO_2 equivalent saved ($/t$CO_2e$ saved).

To provide context, most energy efficiency and renewable energy projects typically have a $/t$CO_2e$ ratio of less than $20/tCO2e. In the climate solutions investment market, a ratio of up to less than $50/t$CO_2e$ is considered attractive and scalable. For solutions at an early stage, this ratio would likely fall in the range of $100-200/t$CO_2e$. The grant funding's purpose is to serve as a pathway for reducing this ratio and providing a compelling business case for adoption.

We will also evaluate how your project intends to use the funding and why it's essential for expanding the solution. If selected, you will need to provide a transparent financial plan, with funding tied to project milestones.

Here are some key considerations for applicants:

- **Model or scale with a need for funding:** We prioritize supporting large-scale programs that often face challenges in securing funding from brands, facilities, and other sources to enable the widespread implementation of their solutions. The funding request should demonstrate an enhancement of your current solution, extending beyond mere commercial expansion.
- **Scale with no need for funding:** Consider joining the CSP as a Registrant. Applications open in May 2024.
- **Projects requiring Capital Expenditure (CAPEX):** These projects are typically beyond our scope. Nevertheless, exceptions may be considered for projects in the pre-seed or model phase that require CAPEX to demonstrate the effectiveness of their solutions.

Transparency

The main objective of the Climate Solutions Portfolio is to support the scaling up of decarbonization initiatives across the textile and apparel supply chain. To accomplish this, your solution must be ready to share the insights gained from your projects, enabling others to learn from your experiences and maintaining transparency regarding the impact of your initiatives.

Solution Details in Application

Maintaining transparency regarding any barriers to scaling and potential adverse consequences of your solution is crucial. We cannot support projects that have adverse consequences on human rights, local environmental pollution, or biodiversity. If your solution involves chemicals, we ask that you provide documentation to allow us to ensure a clear understanding of what we are funding. Furthermore, if there are patents associated with your solution, please include them as part of your application.

Grant Project Deliverables to be Shared with Aii

- **Scale Plan -** We require a comprehensive scaling plan to help us facilitate further financing of your solution through our blended capital strategy. This information will remain internal to Aii and allow us to explore funding sources beyond the grant.
- **Final Impact Report –** The final impact report must include CO2e reduction impact data and a summary of funding use, both with accompanying evidence and lessons learned that can shared with the sector.
- **Climate Solutions Portfolio –** You must agree that your solution, including all impact details, will be featured on Aii's Climate Solutions Portfolio platform. The impact published on the platform can be found here.

How does the Fashion Climate Fund fit into the ecosystem, and what is the role of other funds?

Fashion for Good
The Fashion for Good Innovation Program is for startups driving innovation in sustainability, circularity and transparency to make all fashion good. They aim to bring ideas from niche to norm. Where this differs from FCF/CSP is the niche aspect. We aim to fund projects that have a broad application and have moved on from the niche stage in their development. The key differences here are the stage at which solutions are funded as well as the support they receive. FFG's incubation services are a great place for organizations who require support in getting to the pilot stage. FFG is specifically looking for innovators in the raw materials, manufacturing & retail, processing, end use, and transparency & traceability spaces.

Good Fashion Fund
The Good Fashion Fund is a first-of-its-kind initiative to create systemic change in the textile and apparel industry by financing the implementation of highly impactful and disruptive production technologies in Asia. The Fund targets long-term USD debt investments in textile & apparel manufacturers in India, Vietnam, & Bangladesh.

The FCF/CSP are providing short-term small grants for discrete projects. Our blended capital goal is to target longer-time financing options, but these will come from our blended capital partners rather than the FCF itself.

Textiles Exchange
Textile Exchange convenes the fashion, apparel, and textile industry toward the use of preferred materials that drive impact reduction and beneficial outcomes. Textile Exchange has several tools and resources, including the Preferred Fiber and Materials Matrix and the Materials Impact Explorer. It is the home of all things raw materials. We do not aim for the CSP to be a portfolio of materials solutions — this would be a duplication of efforts within the industry.