Deployment Gap Grant Thesis

Grant Overview

The Deployment Gap Grant (DGG) is a funding mechanism Aii co-developed with suppliers and brands and launched in 2025. The purpose of the grant is to enable and accelerate impactful decarbonization projects that would otherwise stall due to long payback periods or technical barriers - supporting the sector's 2030 50% carbon reduction goal.

Technology Eligibility

These grants are designed to help suppliers shift from quick-payback energy efficiency projects to proven technologies that reduce process demand for energy, support electrification, and drive absolute CO2e reductions.

We define these solution types as:

- **Energy efficiency (not eligible for grants unless in combination with other levers) -** using less energy to perform the same task (e.g., insulation, compressors to improve energy efficiency, minimizing leaks, etc.).
- **Reducing process demand for energy -** reducing the amount of energy needed to deliver a process (e.g., lower impact processing). These solutions can be implemented by factories preparing for electrification by reducing their heat and steam use.
- **Renewable electrifying processes -** shifting a process from thermal energy to electricity. Examples include digital printing, electric singeing, and thermal oil stenters (to prepare for future electrification). These solutions can be adopted in factories planning to run them on green electricity.
- **Renewable electrification of energy delivery -** transitioning a facility from fossil-based fuel sources to electrical energy through a heat pump, electric boiler, or thermal storage powered by certified green electricity (ideally onsite generation and/or Corporate Power Purchase Agreement). The threshold for renewable electricity must be a minimum of 50% for heat pump solutions.

We encourage electrification where local conditions are suitable (e.g., green electricity can be procured).

We have prioritized these solution types because they are harder to implement yet essential for the sector to accelerate and achieve its goals.

Rooftop solar and biomass boiler replacements and retrofits are not eligible for DGGs: The former is a well-established technology with predictable returns that can be implemented without grants, and while the latter is part of the energy transition, it is an interim solution. For this grant, we are focusing on electrification related to coal phase-out.

Considerations for Electrification Projects

All heat-pump electrification projects must clearly report the factory's current percentage of renewable energy (RE) use and provide a roadmap to reach at least 50% - and ideally 100% - RE by 2030. Electric boiler projects must demonstrate a path to 100% RE. Any increase in electricity consumption resulting from the investment should ideally be matched with International Renewable Energy Certificates (IRECs), expanded or newly installed onsite solar, or a corporate Power Purchase Agreement (PPA).

All decarbonization investments should also target a minimum 20% reduction in emissions, driven by reductions in steam, gas, and/or non-renewable electricity usage.

Priority Technologies

We have outlined examples of technologies that are DGG-eligible. If you are interested in applying for a solution that is not listed here, please reach out to CSPHelp@apparelimpact.org to check eligibility. Please note: To be eligible for a Deployment Gap Grant, the solution's vendor must have completed at least 10 commercial installations. If this is not the case, suppliers should apply for a CSP grant.

Should be relatively simple to add to existing factory operations/ processes

Will likely require new production lines/ significant engineering,

Area	Specific tech area	Impact Category	Ease of Implementation
Printing	Digital Printing (especially for small batches / new facilities)	Support electrification	
Processing	Stenter heat recovery	Thermal load reduction	

Dyeing	Digital spray dyeing	Support electrification	
Dying	Digital dyeing (pigment dyeing)	Supports electrification	
Pre-treatment	Ozone bleaching	Supports electrification	
Factory-wide	Heat pumps for hot water	Electrification	
Factory-wide	Mechanical Vapor Recompression (MVR)	Electrification	
Factory-wide	Absorption Chiller for on-site cogeneration	Energy structure optimization Bangladesh focus	
Factory-wide	Electric boilers (where local conditions are in place)	Electrification	
Finishing	Ozone finishing denim	Thermal load reduction	
Processing	RF Drying (where local conditions are in place)	Electrification	
ETP	Sludge drying - electric + heat pump (where local conditions are in place)	Electrification	
ETP	Sludge drying - electric + solar (where local conditions are in place)	Electrification	
Dyeing	Cold Pad Batch Dyeing	Thermal load reduction	

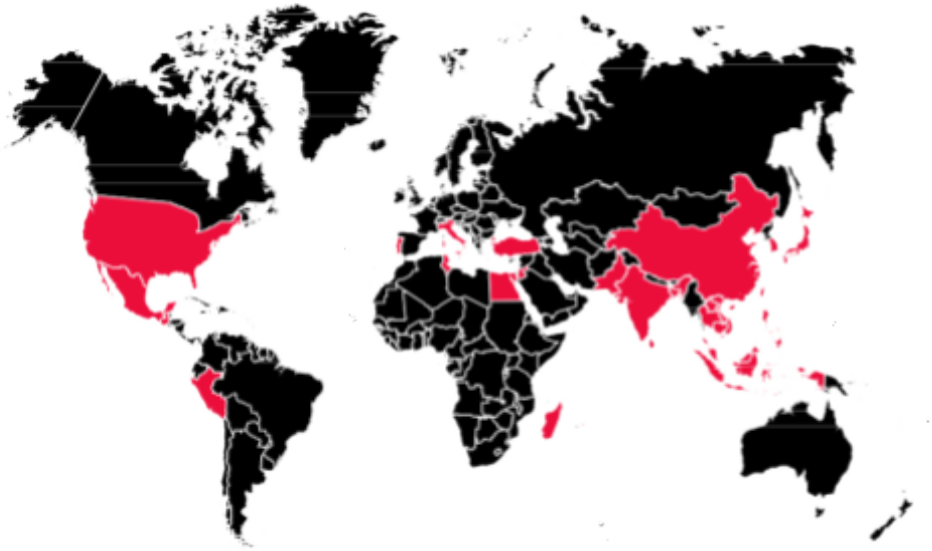
Below we have a table outlining the solution maturity scale. Projects will only be eligible at the pilot and demonstration stage.

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.	Not eligible for funding.
Pilot	Solutions that are in the process of testing their solution to demonstrate a proof of concept.	Eligible for CSP funding. Solutions looking to move from pilot to model are our sweet spot. Funding at this stage may be used to evaluate opportunities for - and barriers to - scale, allowing for customized solution deployment.
Model	Solutions that are working towards de-risking and reducing known barriers to scale	Eligible for CSP funding 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**	**Eligible for DGG funding. Suppliers can apply for funding based on the thesis outlined in this document.**

Regions

A diverse mix of project types, sizes, and geographies is essential to advancing impact across the textile and apparel sector. Aii prioritizes countries with the largest share of production and emissions, along with regions strategically important to our work: China, India, Bangladesh, Vietnam, Indonesia, India, Türkiye, 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:



What We Look For

Eligibility Criteria

DGG eligibility criteria - defined by Aii and fund-supporting partners - play two critical roles: ensuring funding is only given to suppliers that meet minimum social and environmental standards, and supporting assessments of supplier maturity. Clear insight into supplier maturity allows for the objective review and comparison of projects

Below we have outlined the criteria, their rationale and scoring:

Question	Explanation	Response & Scoring
Please confirm that neither you nor the government has plans that could	Ensures longevity of measurable impact. Especially relevant for Dhaka- and China-based suppliers.	Cannot confirm: 0 Can confirm no movement for 5 years: 1 Can confirm no movement for

force the factory to relocate?		>5 / not applicable years: 2
Please demonstrate minimum standards of Human Rights have been met.	Factory to share at minimum one valid social audit. Accepted formats are: SMETA, Amfori BSCI, verified FSLM, SCLP, Sedex/SMETA, WRAP, Better Work, brand audits and similar. Minimum standards to be met are no forced labor, no child labor, and safe working conditions.	No valid social audit available/ valid social audit not meeting minimum requirements: Ineligible for grant Valid social audit with major NCs: 1 Valid social audit with minor/ no NCs: 2
Please demonstrate that minimum environmental standards have been met.	Factories already provide verified Facility Environment Module (VFem) data to support the minimum data baseline. Fully reaching level 1 for all topics is a minimum requirement. On-site ETP assessed as fully functioning (ZDHC testing) should be submitted separately. Submit a screenshot from the Worldly platform showing date, levels, and Higg ID; test report of wastewater testing; screen shot of Clearstream report; or similar. Any ZDHC materials must be from the most recent year.	No Higg/ Failed onsite ETP: Ineligible for grant VFEM above level 1, clear stream report without any conventional parameters exceeding foundational limits: 1 VFEM above level 2 and no detection of MRSL substances, heavy metals not exceeding foundational limits and conventional parameters or have Zero Liquid Discharge: 2

Feasibility Study

All applications must include a feasibility study completed with the vendor of the technology/equipment, which will be reviewed in detail to ensure the technical specifications and projected energy and emissions savings are credible.

This study should be conducted by an accredited engineering firm and /or approved by your factory's head of engineering and production.

Data

We require specific data to assess the effectiveness, reach, and scale of the proposed solution.

The data provided must look at the full process - not just the sub-process - so interactions between the proposed solutions and other process stages are taken into account.

Our preference is to receive impact calculations based on measured data; however, we recognize that some solutions may not have primary and measured data during the application process, given their stage 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 to allow for evaluation.

Where secondary sources are used, we expect that the data and associated studies 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. Additionally, calculations will 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.

Solutions should be evaluated against the most relevant conventional process, which must be identified in the application.

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. 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 ideal. 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 define a solution operating at scale as having an industry-wide roll-out.

We prioritize solutions that are already at or near scale to enable widespread deployment by 2030. Consequently, solutions in the demonstration phase or those encountering significant barriers to implementation will not be considered for DGG funding and should apply for CSP Grants.

Funding Request

There is $1.25m available in grant funding for 2026.

Suppliers may request support to cover the percentage of total project costs needed to make an otherwise non-viable project commercially feasible for their facility. For example, this may be a % of the capex that brings the project ROI down to 2-3 years.

As we have limited funds and would like to encourage the use of other sustainable finance tools, grant requests are limited to 50% of the total capex and no more than $250,000 per year of the project. The funding request will be evaluated in the application review process. Please note that Aii reserves the right to offer a lower grant amount than requested to support a larger pool of impactful projects.

Suppliers must finance the remainder of the project cost. If concessional financing support is needed, Aii can offer support. Please note that grants will only be contracted and awarded once the remaining project financing has been secured by the supplier.

Funding & Governance

The Deployment Gap Grant is funded by Aii's Fashion Climate Fund and select brand and retail partners. As the resource pool grows, we will explore allocation structures that align partner contributions with supplier participation.

The grant selection process is governed by the Climate Solutions Portfolio Advisory Council (CSPAC).