



New Report Highlights Crucial Role of Innovative Financing in Decarbonizing the Apparel Sector

A Comprehensive Analysis on Decarbonization Financing in Apparel Manufacturing

March 5, 2024 | New York, NY | Today marks the release of a pivotal supplier-led report, "From Catwalk to Carbon Neutral : Mobilising Funding for a Net Zero Fashion Industry," co-commissioned by Epic Group, TAL Apparel, NITEX, Pactics Group, Artistic Milliners, MAS Holdings, Simple Approach. It is supported by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, FABRIC Asia Project, and Transformers Foundation, and endorsed by the International Apparel Federation (IAF) and Fashion Producer Collective (FPC). The report sheds light on the urgent need for innovative funding models in the apparel sector's journey towards decarbonization. As the industry grapples with its significant contribution to global greenhouse gas emissions, this report offers a deep dive into the challenges and solutions for funding climate action in apparel manufacturing.

The apparel sector, a substantial force in the global economy, is currently responsible for an estimated 2-8% of the world's greenhouse gas emissions. On the one hand, most of those emissions - by some estimates as much as 80% - are in the supply chain. On the other hand, these are the entities with the lowest margins and least able to foot the bill. If we fail to devise new ways of financing decarbonization we will also fail to realise our climate goals. This paper aims to inspire more expansive, creative, and imaginative thinking about how the sector might go about collectively funding decarbonization in such a way that goes beyond business-as-usual, and primarily debt-based, solutions.

Conducted through interviews with 21 apparel manufacturers and key stakeholders, supplemented by extensive desk research, the report provides insights from a diverse range of countries and business types. Although not claiming to be a representative survey, it offers a comprehensive perspective on the sector's challenges and potential solutions.

The questions this paper sets out to investigate are:

- What types of funding needs do manufacturers have for decarbonisation and what constraints do they face?
- What are innovative funding models the sector should consider to equitably and effectively address these gaps?

The report reveals that most manufacturers are inclined towards smaller-scale, short payback projects due to current funding models. There's a significant need for solutions that address medium to long-term initiatives and acknowledge challenges like increased operational costs. The report also highlights the impact of macroeconomic fluctuations and business cycles, emphasizing the necessity for adaptable funding solutions.

Concluding with a call to action, the report urges the apparel sector to adopt a more equitable and effective approach to funding climate action. It emphasizes the need for collaborative efforts across the value chain and the exploration of innovative financing models to achieve the goals of the Paris Agreement.

Register for the launch webinar on March 19th at 10am CET [here](#) or 4pm CET [here](#), and download the full report [here](#).

About GIZ FABRIC: The FABRIC project (Fostering and Advancing Sustainable Business and Responsible Industrial Practices in the Clothing Industry in Asia) is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, which works on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). FABRIC works with partners for a competitive textile and garment industry that is fair for people and respects the environment. The project leverages networks to create solutions for a sustainable garment and textile industry. It identifies the common interests of key actors – in the factories, ministries, civil society and international brand manufacturers – and brings them together with the aim of developing a shared vision of sustainability and promoting greater cooperation. The project operates in Bangladesh, Cambodia, Myanmar, Pakistan and Vietnam and also works with China.

Website: <https://www.giz.de/en/worldwide/127823.html>

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About Transformers Foundation:

Transformers Foundation is the unified voice representing the denim industry and its ideas for positive change. It was founded to provide a thus-far missing platform to the jeans and denim supply chain, and a central point of contact for consumers, brands, NGOs, and media who want to learn more about ethics and sustainable innovation in the industry.

We represent the denim supply chain: from farmers and chemical suppliers to denim mills and jeans factories.

Website: <https://www.transformersfoundation.org/>

Instagram: [@transformersfoundation](https://www.instagram.com/transformersfoundation)

LinkedIn: Transformers Foundation <https://www.linkedin.com/company/transformersfoundation>

Youtube: Transformers Foundation <https://www.youtube.com/transformersfoundation>

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