



ICAO EUR/NAT and ACI EUROPE

REGIONAL GREEN AIRPORTS SEMINAR

**Hosted by the Ministry of Transport
Republic of Kazakhstan**



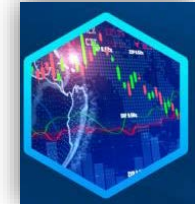
ICAO

Financing Clean Energies



ICAO Secretariat

ICAO Assembly request on Financing



LTAG financing – A41-21 requests to Council

18.

a) **initiate specific measures or mechanisms so as to facilitate**, in particular for developing countries and States having particular needs, **better access to private investment capacities**, as well as funding **from financial institutions**, such as **development banks**, for projects contributing to the decarbonisation of international aviation, as well as encourage new and additional funding to this purpose;

b) further **consider the establishment of a climate finance initiative or funding mechanism under ICAO**, while addressing the possible financial, institutional and legal challenges, and report to the 42nd Session of the ICAO Assembly.

(...)

28. d): Requests the **Council to work with financial institutions** to facilitate access to financing infrastructure development projects dedicated to SAF and LCAF and incentives to overcome initial market hurdles;

CAAF/3 Global Framework – 4 Building Blocks

1. Policy and Planning

- Global aspirational **Vision** to reduce international aviation CO₂ emissions by **5% by 2030**
- Each State's **special circumstances and respective capabilities**
- **CAAF/4** no later than 2028, with a view to update Vision
- **Collaborative effort** across different stakeholders, and encourage **State policies, action plans and roadmaps**
- Implementation **monitored** and periodically **reviewed**

2. Regulatory Framework

- **CORSIA eligibility framework as accepted basis** for SAF, LCAF and other aviation cleaner energies
- Increase the **number of SCS, additional fuel production pathways / life-cycle values**
- Parameters for **fuel accounting methodologies**, leveraging on CORSIA MRV system
- **Study of fuel accounting systems** to determine any possible ICAO role

3. Implementation Support

- **Robust, targeted and tailored** capacity -building and implementation support
- **Building on ACT-CORSIA and ACT-SAF programmes**
- Facilitate **partnerships**, and exchange of best practices
- Develop **policy toolkit/guidance** and support **State Action Plans**
- Support **feasibility studies, pilot projects**, which may facilitate access to investment
- Support **access to technology**

4. Financing

- **Advocacy and outreach** for greater investment in aviation cleaner energy projects, including UN and international financial community
- Welcome and request for **operationalization of ICAO Finvest Hub** to facilitate better access to public fund / private investment, to respond to Resolution A41-21, para 18. a)
- Expedite work to **consider the establishment of a climate finance initiative or funding mechanism under ICAO**, to respond to A41-21, para 18. b)

Financing the Long Term Global Aspirational Goal (LTAG)



- ICAO Assembly Resolution, A41-21, paragraphs 18. a), b)
- ICAO Global Framework, paragraphs 31 to 42

LTAG Report – Financing costs and investments across stakeholders

Projected cumulative (2020-2050) costs and investments associated with highest-ambition LTAG scenario, across each stakeholder group



Stakeholders	Integrated Scenario 3
States	\$160b
Air Navigation Service Providers	\$20b
Aircraft manufacturers	\$350b
Fuel suppliers	\$3,200b
Airports	\$125b

Note: Some investments from upstream stakeholders are passed on downstream (e.g. airline operators) in the form of incremental price of products

LTAG report - approximately USD 3.2 billion is required by 2050 to scale up SAF, underscoring the importance of creating funding pathways through collaboration with development banks and other financial institutions.

ICAO Advocacy and Outreach Activities with Financial Institutions

ICAO is connecting with financial institutions across regions with the objectives to:



Raise awareness of financial institutions on the role of SAF to achieve the LTAG, and on the interest of aviation/fuel industries for immediate and massive SAF scale-up;



Inform financial institutions of the significant investments needs to scale-up SAF production capacity across all regions, in particular for developing countries.



Explore financial institutions' existing or future financing instruments to support SAF deployment and inform financing institutions of ways in which they can best contribute to SAF deployment.



ICAO's Council dialogues with the financing sector and energy providers (March – June 2023)

Main takeaways from the dialogues:

- **Strong interest** from banks for decarbonization of aviation and deployment of SAF
- **Transition towards SAF is key**; it will require significant investments across all world regions
- Both public and private investments will have a key role
- **Blended finance (public and private)** can act as a catalyst to de-risk SAF projects
- **Clear criteria and harmonized frameworks for SAF financing** will support IFIs' analysis of SAF projects and facilitate investments.

Predictability of SAF offtakes and reliability of the regulatory landscape are essential to provide confidence to investors and reduce risk



ICAO met with Representatives from Multilateral Development Banks and other high-level officials in Washington D.C. on 24-25 October 2024



The International Civil Aviation Organization (ICAO) Secretary General Juan Carlos Salazar met with senior representatives from Multilateral Development Banks and other high-level officials in Washington D.C. on 24-25 October 2024. The discussions, held alongside the World Bank Group and International Monetary Fund (IMF) Annual Meetings, centered on leveraging ICAO's FINVEST Hub to support sustainable aviation investments.

FINVEST Hub's Role:

ICAO's FINVEST Hub was spotlighted as a pivotal platform to connect decarbonization projects with public and private investors, enhancing funding opportunities for sustainable aviation initiatives, particularly in developing States.

Financing Challenges:

The meetings addressed critical challenges in sustainable aviation fuel (SAF) development, including limited current production volumes, higher costs compared to conventional jet fuel, and the absence of production and supply chains in many developing regions.

Investment Requirements:

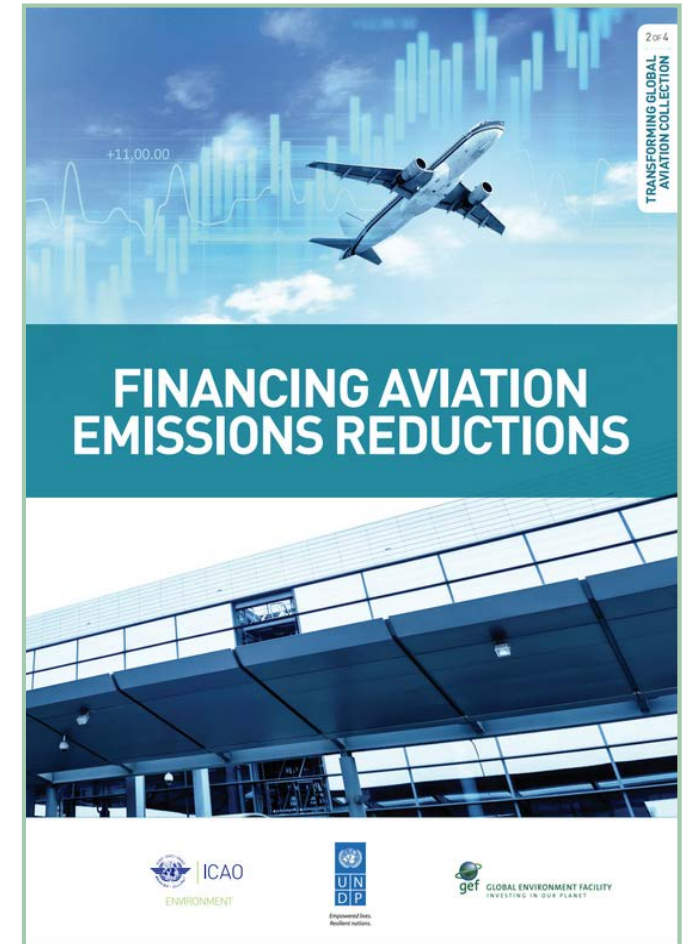
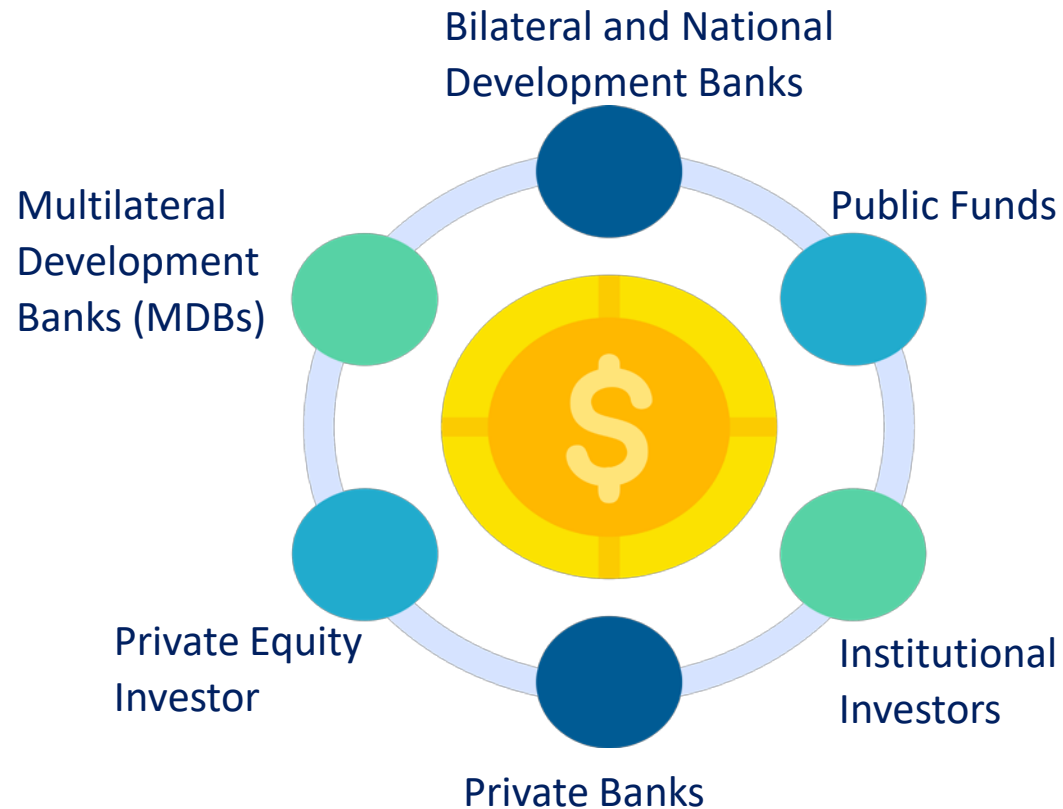
According to ICAO's Long-Term Global Aspirational Goal (LTAG) report, approximately USD 3.2 billion is required by 2050 to scale up SAF, underscoring the importance of creating funding pathways through collaboration with development banks and other financial institutions.

Diverse sources of Financing



ICAO Guidance on financing Aviation Emission Reductions

—
guidance on how to finance projects to reduce CO2 emissions from international aviation activities



Available at <https://www.icao.int/environmental-protection/Pages/financing.aspx>

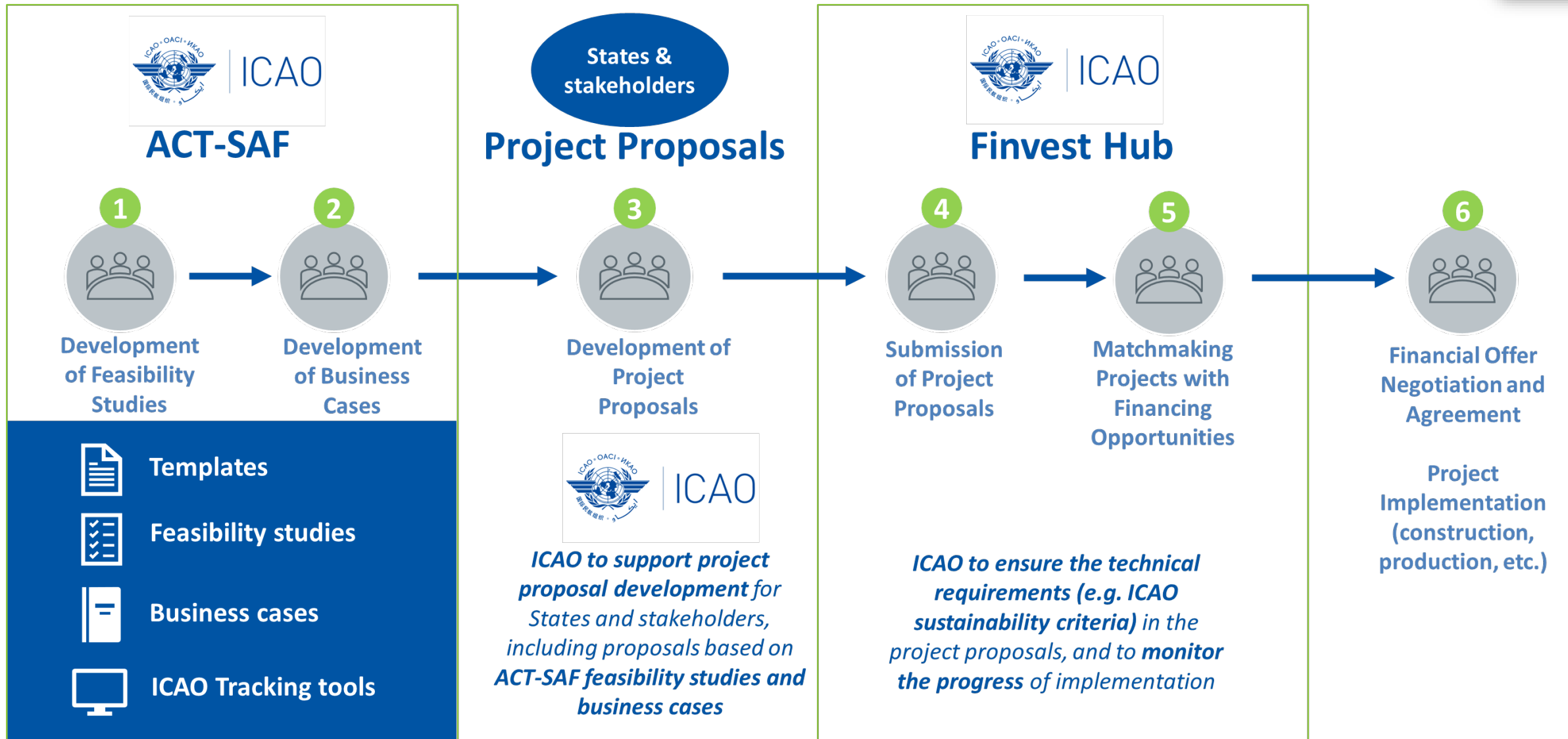


Building Block 4 – Financing

4. Financing

- **Advocacy and outreach** for greater investment in aviation cleaner energy projects, including UN and international financial community
- Welcome and request for **operationalization of ICAO Finvest Hub** to facilitate better access to public fund / private investment, to respond to Resolution A41-21, para 18. a)
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34. States acknowledge and welcome the establishment of the 'ICAO Finvest Hub', which delivers on Assembly Resolution A41-21, paragraph 18. a), and look forward to its work to facilitate enhanced access to public and private investment capacities and funding from financial institutions, with prioritization of allocation to developing countries and States with particular needs, for projects contributing to the decarbonization of international aviation, including for the scale-up in development and deployment of SAF, LCAF and other aviation cleaner energies, as well as encourage new and additional funding for this purpose.
35. As a first step, ICAO should urgently put in place the necessary structure and capability, toward the operationalization of the proposed 'ICAO Finvest Hub' initiative. Such work should clearly identify how the Finvest Hub initiative complements broader aviation decarbonization capacity building and implementation efforts, including the ACT-SAF programme.
36. Key activities that the ICAO Finvest Hub could undertake include:
 - a) developing a platform to connect aviation decarbonization projects with potential public and private investors, including a 'matchmaking' function, thus helping investors to identify and assess projects;
 - b) working with various stakeholders to explore innovative funding and risk mitigation mechanism adapted to the decarbonisation of aviation, incentivizing investments, and promoting collaboration among stakeholders to mobilize financial resources effectively (e.g. fostering Public Private Partnerships);
 - c) collaborating with financial institutions, such as development banks, to create pathways for the funding of projects;
 - d) developing a database of funding and financing sources, together with their terms and conditions, for project developers to be able to draw on; and
 - e) developing a toolkit of term sheets templates (basic conditions to satisfy investors) for SAF, LCAF and other aviation cleaner energies.



ICAO Roadmap – Financing (Advocacy & Outreach, Fininvest Hub, Study)



Planned Actions



- to **enhance engagement and establish networks and structured dialogues with the international finance community and other relevant stakeholders** (Framework paragraph 32 refers) to identify and promote financing opportunities for funding projects related to decarbonization, ... especially in developing countries
- To develop **specific measures or mechanisms to facilitate better access to financing** (e.g. private investment capacities, as well as funding from financial institutions such as development banks) for developing countries and States having particular needs, in particular the **operationalization of the ICAO Fininvest Hub** (A41-21, para 18. a))
- ICAO and its Member States to monitor developments in the UN and across the international financing community (Framework paragraph 42 refers) to increase the allocation or earmarking of public and private capital devoted to aviation decarbonization projects, particularly on SAF, LCAF and other aviation cleaner energies
- To conduct a study through the services of a third-party consultancy, regarding the **consideration of the establishment of a climate finance initiative or funding mechanism under ICAO**, (A41-21, para 18. b));



ICAO Roadmap – Financing (Advocacy & Outreach, Fininvest Hub, Study)



Roles & Responsibilities, Timeframe



- ICAO to continue to undertake **advocacy and outreach**, including at the annual LTAG Stocktaking events, and further dialogues for the high-level exchange of views
- **By 2025**, ICAO to **operationalize the ICAO Fininvest Hub**, by recommending possible options including **in-house developments or partnerships** with Financing Platforms of other organizations, to facilitate financial access to aviation decarbonization project proposals, including project proposals developed **based on ACT-SAF feasibility studies and business cases**
- Regarding the consideration of the establishment of a climate finance initiative or funding mechanism under ICAO, **a selected third-party consultancy will deliver a study**. Any further action will be considered, **after the ICAO Assembly 2025**.

Thank You

