



## **THIRD CONFERENCE ON AVIATION AND ALTERNATIVE FUELS (CAAF/3)**

**Dubai, United Arab Emirates, 20 to 24 November 2023**

### **SUMMARY OF DISCUSSIONS FOR AGENDA ITEM 4**

(Presented by the Secretariat)

#### **Agenda Item 4: Financing cleaner energy**

1. The Meeting considered one Working Paper by the Secretariat, and five Working Papers from States and International Organizations. A summary of these papers are detailed below.
2. CAAF/3-WP/8 presented by the Secretariat provided information on ICAO's work to facilitate access to financing to aviation cleaner energy, including through the dialogues with financial institutions, energy producers and States and their key findings, and relevant ICAO resources to support financing. The ICAO 'Finvest Hub' initiative to facilitate enhanced access to public and private investment capacities and funding from financial institutions, with a focus on developing countries and States with particular needs, for projects that contribute to the decarbonization of international aviation, was also outlined (also refer to CAAF/3-IP/5 on ICAO Finvest Hub initiative).
3. The Secretariat also explained that the Council has recently decided that, in response to Resolution A41-21, paragraph 18 b), ICAO would undertake a study regarding the consideration of the establishment of a climate finance initiative or funding mechanism under ICAO, while addressing the possible financial, institutional and legal challenges, and such a study will be considered by the Council to determine how to take the work forward to the next Assembly in 2025.
4. CAAF/3-WP/12 presented by Kenya provided views on the need for additional measures to crowd in and de-risk private capital to facilitate access to financing aviation cleaner energy, while highlighting key challenges for the industry to access to financing remained in the effort to ramp up investments in SAF. In addition, support for ambitious actions, including on financing for projects to reduce aviation CO<sub>2</sub> emissions at a rate consistent with efforts that will limit the global average temperature increase to 1.5°C, and for the ICAO 'Finvest Hub' initiative were expressed.
5. CAAF/3-WP/17 presented by Oman provided information on a case study in Oman encompassing the strategic utilization of waste, focusing on the conversion of syngas to SAF, as well as highlighted various steps: provision of pre-development capital, early identification of off-takers and qualification of the technologies used in the SAF conversion process, carbon credit creation, upselling of additional product lines that could support the business case for SAF development. Views were also expressed on how implementation support initiatives could take place, including on awareness and advocacy, research and development, stakeholder engagement, regulatory guidance, and market development.

6. CAAF/3-WP/21 presented by Spain on behalf of the EU and its Member States, the other Member States of the ECAC, and EUROCONTROL provided views on financing the transition to SAF, LCAF and other cleaner energy, highlighting ICAO's role in facilitating access to finance, in advocacy, and in matchmaking between investors and project promoters. Support for the ICAO 'Fininvest Hub' initiative, and information on its Global Gateway initiative to support SAF production in developing States were also mentioned. The view on how a comprehensive and ambitious global framework on SAF, LCAF and other cleaner energy, including with a global, collective and aspirational objective and trajectory, would send a strong signal to investors and create the predictability and certainty to incentivise investments in SAF was also expressed.

7. CAAF/3-WP/25 presented by ATAG, ACI, CANSO, IATA, IBAC and ICCAIA provided views on the role of SAF financing in the transition to net-zero carbon emissions in aviation, as well as that of ICAO in facilitating matchmaking between States in need of SAF investment and various funding sources. The view that the finance community is considered capable of supporting this transition, with private capital investment in sustainable categories, significant institutional investor funds, and support from initiatives like the Net Zero Banking Alliance was also shared, together with examples of innovative financing mechanisms such as blended finance that could attract investment in emerging markets.

8. The Chairperson acknowledged the views expressed in CAAF/3-WP/30, Revision No. 1, pertaining to the financing of cleaner energy, which was presented during Agenda Item 2: *Supporting policies to promote the development and deployment of cleaner energy for aviation*.

9. The Chairperson also acknowledged the contribution of the following Information Papers to the Conference: CAAF/3-IPs 1, 2, 3, 4 and 5 by the Secretariat, and CAAF/3-IP/10 by the IACAC.

10. During the following interventions, a good convergence of views was observed on the crucial role of private, public, and blended financing, to scale-up the development and deployment of SAF, LCAF and other aviation cleaner energies, in all regions and States around the world, including developing countries.

11. States and organizations also welcomed the progress by ICAO to engage with financial institutions, and expressed support for its ongoing work to establish the ICAO 'Fininvest Hub' initiative, which would provide enhanced access to public and private investment capacities and funding from financial institutions, through matchmaking between relevant stakeholders.

12. The Conference also noted that ICAO would undertake a study regarding the consideration of the establishment of a climate finance initiative or funding mechanism under ICAO, and the study would be considered by the Council to determine how to take the work forward to the next Assembly in 2025.

13. Various views were expressed on the role of CAAF/3 to respond to the Assembly request (A41-21 Paragraph 18 b)) on this topic, the relationship between ICAO with other UN and international organizations, as well as the balance with other Building Blocks, in particular with Building Block 1 – *Policy and planning*, on the ICAO Vision and its ambition.

14. In this regard, some States highlighted the importance of the global framework to provide a positive and clear signal to the financial community to trigger additional investments for aviation cleaner energy development, and of the robust regulatory framework and accounting rules for de-risking the investments. The need to monitor the progress regarding the financing and investment of aviation cleaner energies was also highlighted.