



**WORKING PAPER**

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

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

**Agenda Item 4: Financing cleaner energy**

**Agenda Item 5: Reviewing the 2050 ICAO Vision for SAF, including LCAF and other cleaner energy for aviation, in order to define a global framework**

**FINANCING CLEANER ENERGY**

(Presented by Spain on behalf of the European Union and its Member States<sup>1</sup>, the other Member States of the European Civil Aviation Conference<sup>2</sup> and EUROCONTROL)

**SUMMARY**

Financing cleaner energy should be an integral part of the global framework for aviation cleaner energies. This working paper conveys the views on the role of the finance in support of the implementation of LTAG.

Action by the Conference is in paragraph 3.

**1. INTRODUCTION**

1.1 The Assembly, in its Resolution A41-21, recognises that achieving the Long-Term Aspirational Goal of net-zero CO<sub>2</sub> emissions from international aviation by 2050 (LTAG) will require substantial investments to finance the transition to net-zero emissions for international aviation by 2050. Those investments will need to come from various sources with most of the funding originating from private investors.

<sup>1</sup> Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

<sup>2</sup> Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Iceland, Moldova, Monaco, Montenegro, North Macedonia, Norway, San Marino, Serbia, Switzerland, Türkiye, Ukraine and United Kingdom.

1.2 Whereas the report of the CAEP on the LTAG contains valuable information on investment needs, a number of States expressed concerns regarding how to finance the rapid and global scaling up of SAF production across all the regions that is required. Furthermore, aviation is one of many sectors that are actively seeking to access cleaner energy and attract resources and investment for their decarbonisation.

## 2. **FINANCING THE TRANSITION TO SAF, LCAF AND OTHER CLEANER ENERGY**

2.1 We commend the initiative of the ICAO Council to gather the communities of public and private investors, and of cleaner energy producers and fuel suppliers, to inform on the opportunities to finance the clean energy transition within the aviation sector and identify the necessary actions to direct these opportunities toward the aviation sector.

2.2 Discussions so far with public and private financial institutions highlighted that funding is available and that these institutions are ready to invest. However, they stressed that in order to trigger investments it is necessary to de-risk them and bring long-term certainty. They also highlighted that aviation is not the only sector requiring cleaner energy to decarbonise, and competition will only become stronger as more States realise the opportunities of producing cleaner energy. The adoption of a strong framework for SAF at the global level, which would include global, collective and aspirational quantified objectives and ensure environmental integrity of fuels, can play a key role in that endeavour, and contribute to incentivising investments.

2.3 The CAAF/3 offers a unique opportunity for the international aviation community to send a powerful and unified signal to investors worldwide that aviation cleaner energy is an immediate priority for their investment.

2.4 Furthermore, the strategic use of development finance for the mobilisation of additional finance towards sustainable development through blended finance approaches, can play an important role to de-risk investment. There are experiences of such existing initiatives with other sectors that are in transition to decarbonisation which could potentially benefit work to cleaner aviation fuels.

2.5 ICAO has a role to play in facilitating access to finance, in advocacy, and in matchmaking between investors and project promoters. In that regard, we welcome the proposal from the ICAO Secretary General to develop the *Finvest Hub* initiative which will support ICAO in fulfilling the functions of facilitator and matchmaker. Furthermore, we recall the importance of fully implementing all elements of paragraph 18 of the Assembly Resolution A41-21, noting the relevant requirement for reporting to the 42nd session of the ICAO Assembly.

2.6 The European Union is exploring potential ways to support SAF production in developing countries via its *Global Gateway* Initiative. Between 2021 and 2027, Team Europe, meaning the EU institutions and EU Member States jointly, will mobilise up to EUR 300 billion of investments in Latin America and the Caribbean, the Middle East, Asia and the Pacific, and Sub-Saharan Africa (half of the global envelope will be earmarked for the latter). Those will support sustainable and high-quality projects, taking into account the needs of partner countries and ensuring lasting benefits for local communities. This includes up to EUR 135 billion worth of investments made possible by the EU and EUR 145 billion of planned investment volumes by European financial and development finance institutions, complemented by grant financing. Other European States are taking similar action to support the global clean energy transitions.

3. **ACTION BY THE CAAF/3**

3.1 The CAAF/3 is invited to:

- a) adopt a comprehensive and ambitious global framework on SAF, LCAF and other cleaner energy, including with a global, collective and aspirational objective and trajectory, in order to send a strong signal to investors and create the predictability and certainty that is needed to incentivise investments in SAF;
- b) acknowledge that substantial investments are necessary to finance the development, production and use of SAF, LCAF and other cleaner energy, to support the transition to net-zero emissions for international aviation by 2050 and in line with the level of ambition for uptake of aviation cleaner energy;
- c) endorse ICAO's role as clean energy financing advocacy, facilitator and matchmaker and welcome, in that context, the Finvest Hub initiative;
- d) invite States and multilateral/regional financing institutions, including multilateral development banks, to explore possibilities for supporting this effort to de-risk private investment, including by extending blended finance to cover cleaner aviation fuels;
- e) invite investors, both public and private, to include cleaner energy for aviation in their portfolio thereby contributing to decarbonise aviation via cleaner aviation fuels; and
- f) note the contribution of assistance and capacity building to unlock investments.

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