

Mobilizing Financing for a Net-Zero Aviation Sector

By ICAO Secretariat

Financing is a cornerstone of aviation's transition to net-zero carbon emissions, enabling the deployment of cleaner energies and other aviation decarbonization measures, as well as necessary infrastructure upgrades. Yet, securing the scale of investment required, (especially in developing regions) remains a major challenge and demands coordinated action across government, industry, and the financial sector.

The achievement of ICAO's Long-Term Aspirational Goal (LTAG) of net-zero carbon emissions by 2050 for international aviation requires not only transformative technological change but also a massive mobilization of financial resources. The scale of investment needed is unprecedented: approximately USD 3.2 trillion by 2050, primarily to scale up the deployment of Sustainable Aviation Fuels (SAF), Lower Carbon Aviation Fuels (LCAF), and other cleaner energy sources. Facilitating that all States, particularly developing countries and States with particular needs, have access to the financing necessary for this transition has become a central focus of the ICAO's environmental strategy.

Advancements since the LTAG adoption – Advocacy and Outreach

Following the adoption of LTAG by the 41st Session of the ICAO Assembly in 2022, ICAO intensified its efforts to bridge the financing gap through structured dialogues, strategic planning, and the development of targeted tools and partnerships. Assembly Resolution A41-21 recognized that ambitious climate goals cannot be realized without the means of implementation commensurate with the level of ambition. Paragraph 18 of that Resolution specifically tasked the ICAO Council with initiating concrete measures to enhance access to private investment and funding from financial institutions (A41-21, paragraph 18. a) and to

explore the establishment of a climate finance initiative or funding mechanism under ICAO (A41-21, paragraph 18. b).

In response, ICAO launched an extensive dialogue process with both financial institutions and Member States, starting with a series of regional consultations in late 2022. These early exchanges brought together major public and private financial actors and development banks across all ICAO regions, providing an initial platform to assess opportunities, risks, and gaps in the financing ecosystem for cleaner aviation energy. In 2023, this engagement deepened with two informal high-level meetings of the ICAO Council – first with multilateral development banks and later with private investors – where discussions centered on unlocking investment for SAF scale-up and improving bankability of aviation decarbonization projects.

One key finding that emerged from these interactions was the urgent need for predictable, long-term regulatory frameworks and strong sustainability criteria – both of which are prerequisites for unlocking institutional investment. Many actors expressed interest in supporting SAF but noted high capital costs, policy uncertainty, and a lack of familiarity with aviation-specific risks as major deterrents. ICAO's convening role has proven vital to bridging this information gap and aligning stakeholders across aviation, energy, and finance sectors.

Financing was established as one of the foundational Building Blocks of the Global Framework adopted at the Third ICAO Conference on Aviation Alternative Fuels (CAAF/3) held in November 2023, which established the 2030 global aspirational Vision and Global Framework for cleaner aviation fuels and sustainable aviation financing.

This recognition reflects the critical role that access to public and private capital plays in enabling the deployment of SAF, LCAF, and other cleaner energy sources. By designating

financing as one of its core elements, the Global Framework underscores the need for coordinated action to mobilize investment and de-risk projects, particularly in support of developing countries and States with particular needs, to ensure the effective and equitable implementation of the LTAG.

Facilitated by the adoption of the Global Framework, a number of outreach activities have been conducted also by the ICAO Secretary General in 2024. This includes meetings in Washington D.C. and London with representatives of the financial sector (multilateral development banks, private banks and investment funds) in order to raise awareness on the establishment of the ICAO Finvest Hub.

A key aspect of that outreach was to provide clarity on the ICAO Finvest Hub, where the intention is not to manage any funds, but instead to attract interest from the financing community for SAF, LCAF and other cleaner energy projects and other aviation decarbonization measures. More information on the ICAO Finvest Hub, which is part of the Organization's response to Resolution A41-21, paragraph 18. a) is available below and detailed in other articles under this Chapter.

The ICAO Secretariat also continued working directly with States to understand their financing challenges and needs. Through the ICAO ACT-SAF programme, more than 50 exploratory interviews and surveys were conducted, with a clear take-away message: over two-thirds of participating States cited access to financing as a critical barrier to SAF deployment. ICAO responded by dedicating substantial attention to financing at the 2023 and 2024 editions of the LTAG Stocktaking event and during its global series of environmental regional seminars, offering practical guidance and showcasing opportunities for financing cleaner aviation energy projects.

To support Member States in identifying and attracting investment, ICAO has also enhanced its technical assistance tools. These include updates to the *Guidance on State Action Plans* (Doc 9988) with improved sections on financial needs assessments and investment communication, and the development of a harmonized template for SAF feasibility studies, designed in collaboration with ACT-SAF partners. This template aims to make SAF project proposals more

transparent and comparable, thus facilitating investor engagement and due diligence.

While these efforts have laid important groundwork, ICAO is also responding to the Assembly's specific request for even deeper consideration. In 2024, a Small Group of Council Representatives was established to oversee a consultancy study regarding the possible establishment of a climate finance initiative or funding mechanism under ICAO, as requested by Resolution A41-21, paragraph 18. b). The study, guided by detailed Terms of Reference, evaluated a range of options, assessing their financial, institutional, and legal feasibility, and as well as ICAO's potential role in implementation. The consultancy delivered its study in early 2025, to support the Council's consideration of its report to the 42nd Session of the ICAO Assembly.

ICAO Finvest Hub Initiative

As requested by the Assembly and the CAAF/3 Global Framework, ICAO has been preparing for the launch of the "Finvest Hub", a platform designed to facilitate access to climate finance and to connect States and project developers with funding opportunities.

In October 2024, ICAO and the International Renewable Energy Agency (IRENA) signed a Memorandum of Cooperation to allow for partnerships to operationalize the ICAO Finvest Hub. This cooperation will be further detailed in an IRENA article in this Chapter.

The conceptual foundation of the Finvest Hub is aligned with ICAO's broader financing strategy: to create an enabling environment where investments in aviation cleaner energy can flourish, particularly in parts of the world most in need of support.

Together, these activities form a coherent response to one of the most complex and urgent aspects of the global aviation decarbonization challenge: financing the transition. ICAO's work since 2022 represents a strategic shift toward implementation support, capacity-building, and financial mobilization, which are essential pillars of international aviation's efforts to reach net-zero carbon emissions by mid-century.