

TRACK: CRITICAL MANAGEMENT STUDIES

GREEN FINANCE IN AVIATION: THE CONSONANCE OF FLYING GREENER AND HIGHER

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Abstract:

The aviation industry not only has one of the quickest rates of growth in the world, but it also has a sizable capital-intensive market. But it is regrettable to learn that, although being the only fast global transportation system for international trade, the aviation sector nevertheless contributes significantly to greenhouse gas emissions. This forces the sector to pursue green growth by preserving its level of economic stability. This is possible because to "green financing," which strives to promote overall sustainable growth by bringing capitalism and environmentalism into harmony. Even though there are numerous financial initiatives, such as the Environmental, Social, and Governance (ESG) Scheme and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), there is still much work to be done if the industry is to grow in a sustainable manner overall. This is because striking a balance between capitalism and environmentalism is essential for achieving both sustainability and economic stability. The purpose of this essay is to examine the function and advantages of green financing in the aviation sector.

Keywords: Green finance, green growth, Capitalism, Environmentalism, Sustainability, Economic Stability, ESG and CORSIA.

1. Introduction

Green Finance, according to the World Economic Forum, is a sophisticated financial activity that has been developed to guarantee a better environmental consequence. It goes by a variety of names, including energy efficiency loans, green investing, clean technology investment, climate finance, and environmental finance. The Millennium Sustainable Goals (SDG) of the United Nations Development Program served as the vehicle for the concept's initial introduction and international promotion (UNDP, Goal 7). The primary advantage of this novel financial idea is that it simultaneously satisfies the demands of capitalism and environmentalism. The Equator Principles, one of the most efficient risk management frameworks for assessing, managing, and mitigating social and environmental hazards, which was formally formed back in 2003, can be linked to the history of sustainable finance going

back 30 years. Even now, over 100 financial institutions use this extensively in project finance, which is used in 38 different nations. Lending becomes less hazardous as a result of the clear purpose of money because green finance principles encourage lending and investment based on projects that promote green growth. This financial concept, which focuses on risk reduction, profitability, and funding allocated for achieving an overall green growth in which a company can achieve economic and social stability by paving a new path toward sustainability, is attracting not only numerous NGOs and Governments but also sizable investors from all over the world because they have correctly predicted that the green finance will be their future fortune.

The aviation industry, along with other industries throughout the world, is increasingly concentrating on achieving green growth through this approach as it guarantees the company's financial security. Being a market that requires a lot of capital, financial ideas like "green finance" will not only bring in more sustainability but also better capital injection. Due to the inherent property of the aviation industry to emit carbon, this presents a significant barrier for it. Because green financing will soon become a compelling component to attract better investments and for overall sustainable growth ensuring the economy's viability, this causes the industry to refocus its worries on advanced financial concepts. Through a variety of sustainability ideas, such as Environmental, Social, and Governance (ESG) schemes, where the financing is done through various ESG instruments based on the player's sustainability performance, green financing in aviation has roots that go back decades. The ICAO's next generation global carbon offsetting scheme, known as CORSIA, mandates the industry to look toward sustainable growth and requires the aviation companies to relinquish and buy the offsetting credits, which are known as "emission units," on the basis of a three-year compliance cycle. Airlines, lessors, lessees, financiers, investors, and other stakeholders in the aviation industry are being compelled by these initiatives to consider green financing, which has moved from being a choice to being a necessity for documentation procedures, capital infusion, and ultimately for overall growth.

Numerous international organisations, such as the World Economic Forum in collaboration with The City of London Corporation and the Green Finance Institute, continuously take on and monitor all these initiatives and programmes for promoting green finance. One such initiative is the Green Horizon Summit, which was held to discuss real-world solutions and innovations in green finance in order to promote global green growth. The International Civil Aviation Organization (ICAO) and the United Nations Environment Program are working hard to align the Sustainable Development Goals for the Aviation Industry with the International Financial System. Through its efforts, it is also assisting nations in re-engineering and implementing the regulatory environment that supports green financing. Many international banks and investors are interested in green finance in order to create a net-zero and climate-resilient future in order to avoid the risks of unmitigated climate change, which has become a topic of discussion in boardrooms around the world. This is in addition to international organisations like the WEF and UN.

2. Literature Review

One of the most significant macro environmental elements that either directly or indirectly influences industrial expansion around the world is the natural-ecological factor. According to the notion of "Green Financing," it has currently been shown to be the key aspect in the industries' overall sustainable-financial growth, which is paving the way for the company's overall "Green growth" (ICEM, 2015). Even though there have been growing concerns in recent years about how to achieve overall economic growth across all industries while not compromising the sustainability of natural resources, strengthening climate resilience, and reducing carbon emissions, all of which have become essential for ensuring human welfare, social wellbeing, and lowering environmental risks (Hillsdon Mark, 2017). Unless there is a strong and sophisticated financial concept like green financing that ensures both economical and sustainable benefit for the companies as it is obvious for them to look for financial growth and stability along with other social concerns related to sustainability, it would become impractical to achieve it (UNEP). Green finance has experienced phenomenal growth in recent years. In 2019, \$257.7 billion in green bonds were issued globally, representing a 51% increase from 2018. Despite the Covid-19 pandemic, the momentum has continued into 2020, with issuances of \$69.4 billion in the year's third quarter, the highest amount ever recorded in the same period of any year. Similar patterns have been observed in equities markets as well. For example, in the second quarter of 2020, Morningstar reported inflows of \$54.6 billion into their sustainability funds (Alastair Blanshard and Mekahl Vohra, 21st Dec 2020).

Since it is in the business of connecting people from one end of the world to the other, crossing oceans and borders, in the shortest amount of time compared to other forms of transportation, the aviation industry has been continuously generating significant economic benefits (Uniting Aviation's Report, February 28, 2018), among other industries. This has now been supported by data in the 2019 report on "Aviation Benefits" published by The Industry High-Level Group (IHLG), another project of the Secretary-General of the International Civil Aviation Organization (ICAO). In addition to the industry's economic success, going green is crucial for the sector to achieve overall sustainable growth. The industry has already contributed towards reducing the carbon footprint through its initiatives like ESG and CROSA which are on par with the green financing initiatives. As per the Global Legal Briefings dated on 19th of June 2020, the ESG factors are a set of criteria that are there in place to co-operate with the creditors and other stakeholders who are increasingly taking into account while making the major investment decisions. Therefore, there is a clear opportunity for the right environmentally motivated projects to receive the financing at the right price given the ongoing regulatory changes and growing public attention on environmental-related issues that are driving change in the aviation industry. This is according to a report from the global law firm Norton Rose Fulbright dated on December 2020.

3. Research Methodology

This research work highly depends on secondary qualitative data that is conceptual in nature and involves research into material that has been published in a number of reliable websites, publications, and journals as substantiating data for the analysis. Given that the aviation sector is one of the fastest-growing businesses and, of course, a hugely capital-intensive market, making early and carefully considered decisions to avoid a financial crisis is crucial. This study seeks to identify some of the solutions and likely outcomes to the research issues that are postulated for further investigation.

3.1 Objectives of the Study

Understanding the significance of cutting-edge financial concepts, such as green financing, in the aviation industry is one of the key goals of the study through this research paper, along with additional goals like:

- Role of Various Green Financing Instruments in Aviation Industry.
- Economic Viability of these instruments in the Aviation Industry.
- Applicability of Green Finance in Aviation Industry in comparison to other Industries.
- Applicability of Green Finance among different players in the Aviation Industry.
- Finally, to apprehend the role of green financing in the Aviation Industry for achieving the needs of capitalism and environmentalism simultaneously through overall green growth.

3.2 Research Questions

Based on the aforesaid objectives of this research paper, the research questions are as follows:

Research Question 1: Do Green finance and its various instruments help the Aviation Industry to fly economically higher by achieving overall Sustainable growth alike other industries?

Research Question 2: Due to the inherent property of the Aviation Industry for contributing Green House Gases towards the environment, is it possible to achieve both capitalism and environmentalism simultaneously by ensuring the economic viability of the Aviation Industry?

4. Analysis and Findings

4.1 Analysis for Research Question 1: Do Green finance and its various instruments help the Aviation Industry to fly economically higher by achieving overall Sustainable growth alike other industries?

Green Financing and the Industries: As mentioned in the previous sections, advanced financial concepts of the future, such as that of "green finance," give better insights about how to make money while protecting the planet earth from further harm, to save the replenishing resources for future generation, and thereby to avoid further adverse effects on the industries, as they are the major contributors for increased carbon emissions and climate change. The modern

financial idea of "green finance" has been shown to be advantageous for industries to achieve overall green growth since it strikes a balance between a company's economic and sustainability benefits. In addition to ensuring a climate-resilient future, it also reduces the hazards associated with unabated climate change, thereby further avoiding economical risks due to endangered resources. The concept of green finance is attracting better investment opportunities among all industries, including the aviation industry, and it also reduces the cost of capital by 10-20% for the companies having a better green rating, even at the initial phase itself. In recent years, capital is pouring into any kind of assets that are labelled green or sustainable. As there is a chance that different governments around the world could impose quantitative restrictions on specific forms of brown financing in the future to promote green growth, it is clear that businesses that proactively adopt and implement green finance will prosper. The financing of the global economy, particular green investment projects, and even public regulations that encourage green efforts all contribute to good development. Banks, international financial institutions, and financial regulators all over the world are giving better financial approaches through green financing to ensure sustainable growth since they are the main pillars for the adoption of green finance.

The main issue, however, is that while green financing is still a niche idea, many industries are less aware of it because they believe it only applies to sectors that have anything to do with agriculture and related practises, which have a direct impact on sustainability growth. Even though they seem utterly disconnected from this financial notion, all industries can relate to green growth through green financing in one way or another, so this idea needs to be spread and adopted by them all. Following are some examples of procedures that can be further modified for green growth and connect many industries to this concept of green financing:

- Sectors that do not now prioritise sustainable development initiatives are beginning a few green projects as their subsidiary initiatives, much like a software company opening a wind farm to generate electricity. As a real-world example, TATA's organisation launched the eco-friendly "Green Thumb" project in India.
- As Indian qualifying industries are required to engage in corporate social responsibility (CSR), many of these industries are stepping up to support related green initiatives that can also include green funding for the same projects.
- Through green financing, manufacturing sectors that can implement certain green practises and reduce their carbon footprint are currently getting greater investments and priority funding for their green efforts. Philips recently received priority lending and loans totalling approximately 1 billion euros at a lower interest rate from The Dutch Bank-ING, which lowered their cost of capital by 10%.

In addition to the manufacturing sector, the service sector, such as the education sector, also has a sizable unacknowledged role to play in this by providing educational programmes and initiatives that encourage green growth among children as well as through a variety of certification programmes to businesses regarding green financing.

Aviation Industry and the Green Finance: Being a sophisticated and forward-thinking sector, the aviation industry took its first step toward achieving sustainability goals in 2019 by adopting ideas like ESG and the ICAO's CORSIA, which are in line with the green finance model. This demonstrates that, like other sectors, the aviation sector has long been aware of the necessity of reducing green-gas emissions.

Due to the significance of sustainability in the next years, the ESG elements have currently established themselves as the fundamental set of criteria that corporations, their creditors, investors, and other stakeholders are largely taking into account when making investment decisions. Major sustainability concerns like climate change and environmental pollution are covered by these ESG aspects, as well as social concerns like equality, employment rights, and basic human rights, as well as governance-related concerns like transparency and audits. Accordingly, there are primarily two forms of ESG financing in the market: one is related to green products, such as those that require the revenues of lending to be utilised for a certain sustainable cause or a project. In order to receive the pricing benefits—often referred to as "sustainability-linked" goods or services—the borrower would have to accomplish the specified ESG goals within the scope of its larger business. In order to use advanced aircraft and engines with environmentally friendly technologies, such as the replacement of the airline's older fleet of regional jets with that of more fuel-efficient turboprop jets, as this would reduce the airline's overall impact on the environment, which in turn is very much needed. This is an example of green financing in aviation, which takes the ESG principles into account. When the loan's ESG certification was linked to the Loan Market Association's (LMA) Green Loan Principles, it became the first recorded ESG transaction in the aviation finance industry. Since then, there have been a number of other reported ESG tagged financings within the broader aviation industry.

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), an important programme in aviation that is in line with green financing concepts, aims to stabilise greenhouse gas emissions, like those of CO₂, at 2020 levels by requiring airlines to offset the growth of their emissions after 2020. The new CORSIA carbon offsetting programme from the ICAO may serve as the impetus for all the sustainable aviation initiatives that airlines around the world are funding. In order to comply with CORSIA, airlines must purchase and then return "emissions units," which are the industry's offsetting credits, for the number of emissions linked to routes they flew between participating locations during that particular period. Unlike 2026, when only flights between the voluntary participating states were covered, all international flights beginning in 2027 must purchase emissions units. Several well-known airlines, including EasyJet, IAG, and KLM, have agreed to voluntarily offset 100% of their domestic emissions as well. Larger airlines are more likely to set up their own carbon offsetting programmes and may effectively look towards green financing because the emissions units can be purchased from the general carbon trading businesses.

Along with airlines, other aviation organisations have set up a special working group to receive information, analyse it, and maybe take action on it. One such organisation is the Aviation Working Groups (AWG). If labelled as green, ESG has also geared to the same context of the

finance and leasing procedure for aviation. Additionally, measures, means, measuring emissions, reporting and recording them, and concepts aimed toward a more advantageous setting for green-aviation finance and leasing may be included. The AWG has determined that the AWG carbon calculator will be completed (ACC). It will be available by the end of the first quarter of 2021. The ACC will determine the emission of aircraft and fleet portfolios using manufacturer data. Based on usual utilisation, stage lengths, and standard aircraft designs, it will perform such. The tool will employ uniformly collected data that has been rigorously analysed. ACC is aimed at the context of aviation financing and leasing for bringing in sustainability and is a part of AWG's work on ESG.

Even lessors are enforcing severe rules and policies on their lessees to encourage the adoption of various ESG principles in order to promote green growth, in addition to airlines, airports, and other financial institutions. Avolon's CEO, Domhnal Slattery, recently stated during a commercial announcement at the 52nd Paris Air Show at Le Bourget Airport near Paris that greener airlines would pay less to lease the planes. This meant that the airlines with the better sustainability scores will pay less for leasing an aircraft than their more polluting competitors, adding to the overall capital of the one with the greener tag and as these less expensive leases add to the capital of the one with greener tag and as these less expensive leases

The increased regulatory and public scrutiny of the ESG and CORSIA portfolios has given rise to concerns about the reduction of airlines' and other aviation industry participants' carbon footprints. More than that, the incorporation of these green financial instruments demonstrates improved corporate behaviour of the organisation to capitalists, investors, and even lessors who are evaluating lessee based on their ESG performance. In order to address passengers' worries regarding climate-related issues and to combat some of the "flight-shaming" activities they may have previously encountered through their Green Marketing campaigns, airlines are increasingly motivated to enhance their green flags and certificates.

Role of Green financing instruments in Aviation: Bonds, IPOs, loans, and insurance are all part of green finance, much like other financial products, but these instruments are only applicable to efforts that actually aim to reduce carbon emissions. The value of the company's image, as well as its general financial products like bond and stock value, are increased by using green financing instruments. The following are a few of the green financial tools and initiatives used by the aviation sector, along with other groups and nations:

Green Funds and IPO: As a global green fund organisation, many privately held businesses and other significant power sectors are providing funds for sustainable development initiatives. Many national policies have been implemented by national governments, and a PPP for green funding has been started. One of the most popular ways to raise money for green initiatives is through green IPOs. Many prestigious firms around the world, including those in India like Adani Green Energy Limited and Times Green Energy Limited, have already launched green IPOs.

Through a collaboration with Abu Dhabi Global Market and the First Abu Dhabi Bank, Etihad has become the first airline in the aviation industry to raise green funds to support the

Sustainable Development Goals of the UN. The airline had previously taken out a loan of about 100 million euros to help it expand its operations; this evaluation allowed it to finance a new eco-friendly residence complex as long-term capital through a lease and served as a stepping stone for Etihad Airways to finance future sustainable and eco-friendly initiatives. Etihad had designated seven top-priority categories, such as green buildings, investment in women's development, use of bio fuels, and initiative to decrease carbon, since finance of these green and sustainable initiatives must be related to one or more of the UN's Sustainable Development Goals. In addition to a number of green funding initiatives, the Etihad Aviation Group engaged in numerous analytical processes, such as those conducted by "Sustainalytics," a leader in ESG research, for ratings and for overall development analytics for evaluating the overall goal achievement of Etihad's Sustainable Development Financing Frameworks. Following these analyses, Sustainalytics issued an updated Second Party Opinion after verifying Etihad's sustainability credentials, which would be a crucial requirement to receive green funding. This in turn demonstrated how important green funds are to airline capitalism.

Green Bonds: One of the key drivers of the growth of green finance is the green bonds it offers, which may be quite profitable for the company selling them. According to the World Economic Forum, a record amount of \$257.7 billion in green bonds were issued globally in 2019. This market is predicted to reach its peak value of \$2.36 trillion by 2023.

The All-Nippon Airways Co., Ltd. Holdings Inc. (hereafter referred to as "ANA HD") offered the Green Bonds worth approximately 10 billion yen in 2018, making it the first aviation firm in history to do so in public. Both socioeconomic values were produced by ANA Group through the use of strategies including human rights, environmentalism, diversity and inclusion, and regional revitalization to increase their corporate value. The Minister of the Environment of the Government of Japan approved ANA as an Eco-First Company in 2008, making it the first company in the aviation sector to receive this designation. As a global eco-friendly firm, ANA is actively looking for new ways to accomplish the overall Sustainable Development Goals (SDGs) of the United Nations. In order to increase stakeholders' understanding of its environmental and social responsibility initiatives, ANA HD chose to issue the green bonds. This became a green finance initiative as well as a green marketing initiative.

Figure-01: Summary of Green bond issued by ANA HD group:

| | |
|-----------------|--|
| Bond Maturity | 10 years |
| Issue Amount | 10 billion yen |
| Issue Date | October 2018 |
| Use of Proceeds | Proceeds from bond will be used to pay for further construction work of the company which will be further based on ESG compliance. |

Source: Press release, TOKYO, Sept. 28, 2018, ANA Holdings

Green loans: Many banks throughout the world, including ING, not only offer green loans for sustainable development projects but also normal loans for businesses that adopt green measures at a lower interest rate. The market for green loans attempts to promote and aid

sustainable economic initiatives. The Green Lending Principles (GLP) was developed with the intention of fostering the general growth and reliability of green loan products. By providing the first-ever green financing for a commercial aircraft that was built as a green product as the bank had financed the leasing of this aircraft, Deutsche Bank provided an example for how indirectly it had played a significant role in lowering carbon emissions not only for other related industries but also for the aviation industry. The airline has been able to meet its promise to decreasing its environmental impact thanks to the 72-600s aircraft's significant reduction in environmental impact due to its approximately 40% lower CO₂ emissions compared to other jets and turboprops.

Through these cutting-edge Sustainability Linked Loans, not only Airlines but also Airports like the Sydney Airport gain advantages. One of the main advantages of the sustainability linked or green loan is that the bank debt facility margins would slightly change depending on how sustainably the airport performed over time. This performance would be evaluated by an impartial third party, such as Sustainalytics, a specialist investment research and rating provider with a focus on the ESG globally. The first Syndicated Sustainability Linked Loan in Australia in this instance was also the largest in the Asia Pacific and the world, which not only proved to be a smart decision for Sydney Airport's green marketing (B2B) but also became an integral part of green financing strategy.

Similar to this, British Airways announced a strategic relationship with a firm that produces renewable fuels called Velocys in August 2019 for the construction of a facility that turns garbage from homes and businesses into sustainable, renewable jet fuel to power its fleet. Additionally, as a sign of sustainability, Virgin Airlines conducted its first symbolic flight in October 2019 that was partially powered by biofuel. In February 2020, American Delta Air Lines committed to investing \$1 billion in green initiatives like waste and emissions management, new offsetting carbon sequestration sustainability projects, and advanced clean air travel technologies in order to become "carbon neutral" and with a green ambition to reach the target at least by 2030. For as long as their relevant projects are in line with the four principles of the GLP and the borrower has to be seriously committed to an ambitious decarbonization pathway as part of a green initiative, green projects that significantly improve the utilisation rate of fossil fuel efficiently are potentially eligible for the green loans, according to the most recent updated Guidance to the Green Loan Principles (GLP), which was published by the LMA in May 2020. Additionally, it specifies that in order to qualify for Green Loans, these observed sustainable initiatives may be referred to as "light green" or "transition" projects. Although it could be challenging to begin to explain the use of a green label for securing a loan to buy an aircraft, the airlines might use the same to refinance other asset classes that are comparable to the Green Loan Principles, such as the energy-efficient office buildings. So, even for the aviation business, the green loan is one of the best green financing ideas.

Green Insurance: It has been made a mandatory requirement for all polluting industries in nations like China to reduce environmental obligations and to ensure green growth, at least in the future, even though many countries have not yet adopted these insurance policies to cover all environmental pollution regarded risks and to compensate the ecological damages when

made. Directly or indirectly, the notion of green financing benefits certain insurances, such as public liability insurance offered by the aviation industry, for overall sustainable development.

Green Ratings: Similar to a credit rating system, green ratings are becoming increasingly important for obtaining funding as more governments and investors focus on a company's sustainability growth elements than just its financial success. There are three major green rating organisations in India, including the Indian Green Building Council, the Green Rating for Integrated Habitat Assessment, and LEED, which stands for Leadership in Energy and Environmental Design. Each nation has the option of developing its own green rating agencies or adopting specific international rating organisations' policies and regulatory frameworks. An external assessor or assessment organisation, such as an external green credit rating agency, may cross-verify ESG credentials. The ESG rating agencies, such as Vigeo Eiris, one of the world leaders in ESG evaluations, have a hand in the green rating of the players in the aviation industry by offering the ESG ratings and evaluating their green credibility.

4.2 Analysis for Research Question 2: Due to the inherent property of the Aviation Industry for contributing Green House Gases towards the environment, is it possible to achieve both capitalism and environmentalism simultaneously by ensuring the economic viability of the Aviation Industry?

One of the most technologically advanced industries in the world, the aviation sector contributes between 2 and 3% of greenhouse gas emissions. If emissions are not under control and unregulated, they are likely to rise even more as the number of passengers and flights rises steadily. This innate characteristic may result from older fleets, less fuel-efficient engines, higher fuel use, the type of fuel used, and numerous other brown practises that occasionally become unavoidable because of the intricacy of flying. While many airlines are promoting carbon-offsetting programmes, the aviation industry has already cut the carbon emissions per traveller by 50% through a variety of green measures like the use of more fuel-efficient planes. These initiatives' improvised technological elements represent financial risks for low-cost flying, which is now popular since they boost the industry's economies of scale and raise per-passenger costs. Therefore, it is imperative to consider these factors and it is unavoidable to use contemporary financial concepts, such as green financing, to address the aforementioned issue by striking a balance between capitalism and environmentalism. This will also lessen the threat of the growth of economies of scale brought on by industry initiatives to reduce carbon emissions in order to maintain their economic viability.

Achieving better capitalism through green financing: As was discussed in the previous sections, green financing has the tools necessary to employ to reduce the risk of economies of scale. By being eligible to get the benefits from these financial instruments for the green initiative they have undertaken, one can cut their cost of capital by roughly 10% to 20%. This is due to the reduced interest loans offered for engaging in sustainable activities. Global investors are prioritising financing for airlines, lessors, and other players who have higher ESG ratings. The airlines with superior environmental scores, which demonstrate their concern for sustainability, receive cheaper lease rates than others, which in turn help to lessen their financial obligations, as correctly stated by Avolon, a lessor with headquarters in Dublin. The adoption of ESG

practises by airlines in order to attract better capitalism is unavoidable given that the majority of financiers are also lessors. Other environmentally friendly financial products, such as green bonds, which represent a bright future for all sectors of the economy, including aviation, will aid businesses in raising finance by selling these bonds at greater yields than ANA. Even the government and other groups, in addition to capitalists, support airlines based on their ESG performance, which reinforces capitalism. During the Covid-19 crisis, governmental funding to airlines has also reached previously unheard-of proportions and in certain cases has been tied to meeting environmental goals. The airline must lay out a plan for being profitable and set a goal to become the most environmentally friendly carrier in the world before receiving this assistance. For instance, the €7 billion in financial packages provided by the French government to Air France as part of the airline's numerous carbon emission reduction measures. The French government is primarily focusing on mainland France in its efforts to cut domestic emissions overall and to serve larger hubs for transfers in order to reduce national emissions by half by 2024. In order to promote sustainability and lessen environmental annoyance, organisations other than Air France-KLM will also need to consistently contribute. Examples of such measures include lowering the number of late-night flights. In order to achieve better investments, financial growth, and capitalism than conventional and traditional financial instruments, nearly all green finance tools also attempt to complement these supports.

Achieving better Environmentalism through Green financing: According to data released by the European Environment Agency, air travel ranks first on a measure of Carbon-di-oxide (Co2) emitted per passenger kilometre at about 285 grammes, followed by road travel at about 158 and rail travel at 14 grammes. This is true even though air travel contributes less emissions than other modes of transportation, such as that of road travel. In order to ensure a better future, the industry must implement ESG and CORSIA's portfolio. It is clear that these green financing activities adopted by various companies would undoubtedly contribute to the improvement of the environment's health by r the industry has wisely shown initial commitments towards the carbon-neutral future from 2020 which were established by the ICAO in 2010, which was approximately six years prior to the Paris Agreement which was signed at COP2. In the case of the aviation sector, this can be accomplished through a number of initiatives that the sector has already adopted, such as the use of efficient engines, the use of biofuel, a reduction in the use of older fleets, and numerous other initiatives that lower carbon emission into the environment. Additionally, the Covid-19 pandemic's historical effects would serve as an additional impetus for the creation of ESG-tagged green products and services in aviation finance. Many airlines have begun retiring their more inefficient, older aircraft (especially the quad-engine aircraft like B747s, A380s, and A340s). Additionally, a lot of airlines are anticipating coming out of the severely crippled Covid-19 issue as leaner organisations, operating in most cases with decreased capacity, a better-streamlined route network, and a strong emphasis on cleaner, greener, quieter, and more fuel-efficient aircraft. By doing this, the airlines will probably receive higher ESG ratings after rationalising their fleets, which might potentially open up more options to take part in ESG financings and related green financing when the market conditions improve. Indeed, according to a number of industry experts, as a result of all these industry-wide initiatives, fuel efficiency has increased in planes more than it

has in cars, demonstrating that the aviation industry is advancing environmental sustainability and environmentalism through a variety of green initiatives.

As a result, it has demonstrated its long-term sustainable advantages over conventional brown funding by simultaneously addressing the needs of capitalism and environmentalism. Large financial institutions and organisations are turning to green finance as it provides better insight into risk mitigation, profitability, allocated funding, and how to generate money while protecting the environment. In light of the fact that achieving the overall sustainable aim is the definition of advanced company management, it should come as no surprise that green finance will play a significant role in financial success in the future.

4.3 Findings and Outcomes

Positive findings and outcomes:

This study has established the link between flying higher sustainably and economically and flying greener by combining sophisticated financial concepts like green finance. Despite the fact that the aviation industry is responsible for 2.4% of carbon emissions, adopting ideas like green financing, especially in a capital-intensive market like the aviation industry, helps to balance capitalism with environmentalism. Money is pouring into all "green" assets, therefore not only does each green financial instrument have the potential to contribute to green growth, but by being commercially viable, they all help the aviation sector soar in terms of sustainability. Green financing concepts may eventually totally replace traditional brown financing concepts, particularly in developed industries like aviation where the use of green practises has the potential to reduce costs of scale without compromising environmental protection. The ESG and ICAO's CROSA make it clear that green finance would be a need rather than a choice in the future for all industries, including the aviation sector. It has been discovered that the aviation sector is a highly developed sector that has already implemented a number of programmes like ESG and CROSA to reduce carbon footprints voluntarily and promote sustainability. Green financing supports corporate governance best practises, which enhance brand value and contribute to overall green growth. Finally, it is clear from this research that aviation companies that adopt the idea of green finance are able to benefit financially from doing so more so than their competitors. These benefits include better capital investments, priority lending, loans with lower interest rates, higher bond values, and even the ability to lease their aircraft at lower rates.

4.4 Negative findings and outcomes:

This study has revealed that, despite the significant benefits that advanced financial concepts like "green financing" have on achieving sustainable growth across all industries, including the aviation sector, they are still viewed as niche ideas that only apply to a small number of closely related fields. In keeping with its ESG and CROSA goals, there is a critical need to adopt and spread this idea. A multitude of green loans are posing risks for its positive effects, in addition to issues like Greenwashing or fraudulent claims of environmental compliance. Since it is a novel financial notion, there are no well-defined boundaries, rules, or procedures for monitoring and controlling it.

5. Conclusion

This study article has demonstrated the value of sophisticated financial models, such as green financing, not only in the aviation industry but also in achieving green growth, which is necessary for all other industries. In order for any company to reap long-term rewards, it is crucial that it achieves the balance between capitalism and environmentalism. Green finance and its instruments will undoubtedly help with this. It is also true that green financing has shown that achieving sustainability while flying more sustainably is consistent with doing it in an economical manner. Money has already begun pouring into the market referred to as "green" as companies of the next generation have realised the value of being green and achieving an overall sustainable growth. Due to the harmful environmental effects of brown finance, it is entirely possible that green financing will overtake brown financing as the preferred alternative for all global industries, including the aviation sector. The green financing ideas like ESG and CORSIA need to be developed further since they promote sustainability by reducing economies of scale. It is abundantly clear that businesses all over the world, including those in the aviation industry, that adopt green financial initiatives benefit financially from lowering their carbon footprint. For example, they receive better capital investments, priority lending, and loans with lower interest rates, higher bond values, and better brand value. Finally, green financing is essential for all global industries, not only the aviation sector, to ensure overall sustainable growth that is also commercially feasible.

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