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LEVERAGING SUSTAINABLE FINANCE AND ASSET-BASED FINANCING TO PROMOTE THE SUSTAINABLE DEVELOPMENT GOALS IN THE SPACE SECTOR

Abstract

The sustainability of a space business depends on its profitability and ability to access credit. However, not every business can access traditional funding sources, especially those from developing countries. This paper will focus on the role of sustainable financing in the space sector, highlighting the benefits of asset-based financing in promoting sustainable development and achieving the Sustainable Development Goals (SDGs).

The space sector is a vital component of the global economy, with an estimated value of over $400 billion. However, it faces$ Asset-based financing, on the other hand, offers a sustainable alternative to traditional financing models. It involves using a company's space assets as collateral to secure financing. This paper will showcase how asset-based financing can enable greater access to credit in the space sector and allow space businesses to be financed in a more sustainable manner, thereby enabling their longevity. It will highlight how asset-based finance can be more sustainable and climate-friendly, compared to other models such as the use of venture capital, special purpose acquisition vehicles, or debt finance.

One reason for the gap in access to credit for the space sector is the absence of rules relating to priority rights for secured interests in space assets. Even in jurisdictions where such rules exist, they are often only available domestically, and not for creditors in different jurisdictions. This paper will demonstrate how an international system of secured transactions law, in the form of the Space Protocol of the Cape Town Convention, can enable more access to credit and sustainable finance in the space sector and support the achievement of the SDGs. The paper will conclude with recommendations that governments can adopt to channel more private sector financing on an asset-based model into their domestic space economies. It will also suggest steps that can be taken at an international level to support more sustainable financing in the space industry.