

Recommendations for APA Items 3, 5 and 6 as they relate to the market-based measure established by ICAO

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Carbon Market Watch welcomes the opportunity to provide input to the APA discussions¹ as they relate to the market mechanism agreed in October 2016 at the International Civil Aviation Organization (ICAO) 39th Assembly and adjustments needed to accurately harmonize the climate measure with ongoing work in the UNFCCC.

Parties to ICAO recently adopted a 'GMBM scheme in the form of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)' to offset annual increases in CO₂ emissions from civil aviation above 2020 levels. The scheme will be voluntary through 2026 before a mandatory phase including all countries with the exception of Lead Developed Countries (LDCs) Small Island Developing States (SIDS) and Landlocked Developing Countries (LLDCs) unless they volunteer to participate.

The structure of the scheme is still undefined as monitoring, reporting and verification (MRV), offset criteria, registries and the constitution of a technical advisory body have yet to be established.

Nevertheless, the Resolution does make a clear reference to the eligibility of UNFCCC credits provided they meet the offset criteria to be established in an ICAO technical working group:

“Decides that emissions units generated from mechanisms established under the UNFCCC and the Paris Agreement are eligible for use in CORSIA, provided that they align with decisions by the Council, with the technical contribution of CAEP, including on avoiding double counting and on eligible vintage and timeframe;”

With a clear link established between the UNFCCC and the ICAO market based measure, guidance under the Paris Agreement must ensure that the CORSIA contributes to the goals of the Paris Agreement and does not undermine the achievement of nationally determined contributions (NDCs). To this aim, **it is imperative to ensure that rules are in place to transparently communicate the aviation sector's progress towards the long term goal, avoid double counting by adjusting NDCs to account for UNFCCC units used under the CORSIA, strengthen public access to information, and ensure that progress under ICAO feeds into reviews such as the synthesis report, the facilitative dialogue, and the global stocktake.**

¹ <http://unfccc.int/resource/docs/2016/apa/eng/03.pdf>

Carbon Market Watch recommendations for APA Items 3, 5 and 6 as they relate to the market-based measure established by ICAO

- Integrate CORSIA progress into preparation and review of mitigation action of states
- Clarify adjustments to NDCs due to targets outside of NDCs
- Provide information on offsets going to CORSIA participants in reports and updates under the Transparency Framework
- Introduce information on ICAO activities into the global stocktake

Integrate CORSIA progress into preparation and review of mitigation action of states (APA agenda item 3(a)(b))

With the multiplication of climate goals, including the recent agreement on the CORSIA, it will be necessary to clarify how they relate to NDCs to avoid overlap of mitigation activities. The facilitative dialogue will be an important opportunity to encourage transparency of action and avoid double counting of state contributions outside of NDCs.

To facilitate accurate tracking of climate activities, NDCs should have a section on their contributions outside of the UNFCCC, so that countries providing emission units, or internationally transferrable mitigation outcomes (ITMOs), to sources other than states can be certain that mitigation achieved is not double claimed. Without this provision NDCs could be undermined by double claiming offsets in host countries and the CORSIA.

Updating the Synthesis Report to reflect ICAO's agreed goal

The synthesis report is an important tool for understanding the impact of planned climate goals and the aggregate effect of anthropogenic emissions in view of achieving the long term goal of the Paris Agreement. It was updated to include all INDCs communicated by April 4th, 2016. The updated report assumed ICAO's climate contribution was offsetting all emissions above 2020 levels, also known as climate neutral growth 2020 (CNG2020).²

At the Assembly, not all states committed to participating and emissions from LDCs and SIDs, who are exempted, were not redistributed. This means only around three quarters of ICAO's goal of carbon neutral growth is set to be achieved for the duration of the scheme from 2021-2035³. This will need to be factored into the next update of the synthesis report for a clear understanding of global contributions to fighting climate change.

² <http://unfccc.int/resource/docs/2016/cop22/eng/02.pdf>

³ <http://icsa-aviation.org/global-aviation-co2-deal-adopted-with-mixed-results-just-as-paris-agreement-takes-off/>

- The **facilitative dialogue** must address **state contributions outside of NDCs** to encourage transparency of action and avoidance of double counting
- **NDCs should have a section, ‘contribution to targets outside the UNFCCC’ in NDCs to allow for accurate tracking of states’ mitigation activities.**
- **Update the synthesis report** to take into account the actual effect of the CORSIA, $\frac{3}{4}$ of the original goal of CNG2020

Clarify adjustments to NDCs due to targets outside on NDCs (APA agenda item 3(c))

ICAO technical bodies are working to operationalize criteria, including on double counting, found in paragraph 21 of the ICAO Assembly Resolution. This reference is beyond the scope of the accounting provisions in the Paris Agreement which only apply between states’ NDCs. If mitigation under the CORSIA is not recognized by states in their accounting for nationally determined contributions, then overall emissions increase while two entities claim to reach their climate goals.

To avoid double counting between NDCs and the CORSIA’s obligations, states generating offsets should keep track of ICAO obligations through adjustments to national inventories for units used under the CORSIA to show that the offsets were not also counted towards achieving national targets.

- States must **make corresponding adjustments to national inventories** when emissions reductions achieved in the host country are used towards other international climate targets **to avoid double counting**

Provide information on offsets attributed to the CORSIA in reports and updates under the Transparency Framework (APA Item 5)

The transparency framework can provide clarity on how contributions to ICAO affect states progress towards achieving their NDC. This is particularly important for countries that do not have multi-year targets, which allow emissions to be added up into budgets. For example, countries with a single year target have no obligations until the year they specify in the NDC, but the transparency framework required states to “regularly provide” a) a national inventory report of emissions and removals and information necessary to track progress toward achieving its NDC. To ensure that the use of offsets that a host country provides to ICAO does not impact a state's

“progress made in implementing and achieving its nationally determined contribution” states should provide information on offset contributions made to ICAO and indicate how they avoided double counting.

According to the ICAO resolution on the CORSIA, Aircraft operators must report annually on offsets purchased to an authority designated by the State where it is registered.⁴ This information should be part of national communications and biennial reports and updates that feed into the transparency framework to promote accuracy, avoid double counting and ensure environmental integrity.

- Transparent climate action: National communications, biennial reports, biennial update reports and “Information necessary to track progress” of achievement of NDCs must reflect **offset contributions to ICAO**
- Parties must provide **annual reports on offsets surrendered to ICAO under the CORSIA and indicate how the state avoided double counting** with their NDC.

Include ICAO activities into the global stocktake (APA Item 6)

The global stocktake is meant to assess collective progress on mitigation in view of the long term goal of restricting global warming to 1.5°C. This cannot be done without looking at all anthropogenic emissions, including those international civil aviation. ICAO has a variety of measures including efficiency and operational improvements but emissions are still projected to quadruple by 2050⁵, leaving the bulk of emissions to be addressed by the CORSIA. As such, both fuel burn and offsets purchased under the CORSIA will need to be reported in the global stocktake.

Both the ICAO Environmental report and civil society involved in the ICAO deliberations on climate change in the sector provide analysis⁶ on the achievement of ICAO’s goals of two per cent fuel efficiency improvement annually, and carbon neutral growth from 2020. These sources can inform the global stocktake of overall progress towards the long term goal.

- Include **impacts and actions of the aviation sector into the global stocktake.**
- Information sources should include **ICAO environmental reports and technical analysis from civil society**

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⁴ http://www.icao.int/Meetings/a39/Documents/WP/wp_530_en.pdf , p.16

⁵ <http://www.icao.int/environmental-protection/Documents/ICAO%20Environmental%20Report%202016.pdf>

⁶ <http://icsa-aviation.org/reports/>



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