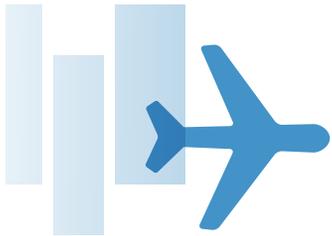


ICSA'S PROGRESS REPORT ON THE ICAO MBM



The UN International Civil Aviation Organization (ICAO) has a deadline of 7 October 2016 to finalize a program to cap the net carbon pollution of international flights—a global market-based measure.¹ The International Coalition for Sustainable Aviation (ICSA) works within ICAO to improve the environmental performance of aviation. The ICSA Progress Report on the ICAO MBM evaluates the most recent publicly available draft Assembly Resolution text of the global MBM against “ICSA’S Checklist for an Effective Plan to Cut Aviation Global Warming Pollution.”² The Progress Report provides recommendations for how countries in ICAO could improve the current Assembly Resolution Text to move towards higher environmental integrity. In some instances, individual provisions in ICSA’s Checklist cannot be fully assessed, because work is more appropriately done in other specialized technical bodies in ICAO; these provisions are labeled “Incomplete”.

ICSA CHECKLIST PROVISION	GRADE	CURRENT STATUS	RECOMMENDED IMPROVEMENTS
1. CAPS EMISSIONS AND INVITES GREATER AMBITION			
1.1 Cap at 2020 levels The agreement should initially cap the net total carbon emissions of international civil aviation at 2020 levels.	D	Carbon neutral growth from 2020 (CNG2020) ³ is merely referenced as “aspirational” and is not effectively met, because too many flight routes are exempt in the current assembly resolution text (see “Don’t bust the cap” provision below).	The ICAO Assembly must make CNG2020 mandatory for ICAO and reduce offsetting requirement exemptions to <10% for Phase 1 of the MBM (i.e. 2021 to 2026).
1.2 Regular review to align with the Paris Agreement temperature goals The Resolution should commit ICAO to hold regular reviews to set a path for industry to ratchet its emissions down in line with what their fair share should be to align with the temperature goals of the Paris Agreement.	B	The review clause in the Assembly resolution text is well balanced, has sufficient references to the long-term temperature goals of the Paris Agreement, and requires 3-year review cycles, but does not consider the UNFCCC’s 2018 “global stocktake” and its implications for ICAO.	The Assembly must (1) not prejudge the outcome of ICAO’s long-term emissions goal setting process (which should conclude no later than January 2019), and (2) explicitly mention that the 2018 “global stocktake” must inform decisions on ICAO’s long-term emissions goal at the 2019 Assembly.
1.3 In-sector emissions The Resolution should ensure that the MBM promotes important in-sector emissions reductions. It should not give a free pass to carriers with large carbon footprints.	D	The MBM as currently reflected in the Assembly resolution text doesn’t send a strong price signal for aviation decarbonization. Some argue that the “100% individual” approach would create a stronger price signal than “100% sectoral” ⁴ — but a shift to 100% individual could simply give a free pass to slow-growing carriers with already large carbon footprints, undercutting their incentive to reduce emissions.	One potential way to increase the in-sector emissions reduction incentive could be to agree on the “100% sectoral” allocation approach and then include a provision that allows any air carrier which cuts its total emissions below its baseline to “keep” the reductions and use them as a credit against the carrier’s offsetting requirements.



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2. MAINTAINS THE INTEGRITY OF THE EMISSIONS CAP			
<p>2.1 Don't bust the cap Those covered by the cap should make up for any exemptions granted to others. No cap-busting price ceilings should be allowed.</p>	F	<p>In the Assembly resolution text, between 30-50% of emissions above 2020 levels are exempt in the first 5 year period. There are further exemptions in the following period. In the current Assembly resolution text, exempted emissions are not redistributed, undermining the 2020 target.</p>	<p>The Assembly resolution should achieve CNG2020 by minimizing exemptions and ensuring full redistribution of exemptions.</p>
<p>2.2 No double counting Emissions reductions must not be “double counted” towards other obligations—the environmental goal must remain.</p>	C	<p>In the current Assembly resolution text, there's one weak reference to double counting, but from the floor during the ICAO High-Level Meeting in May 2016 several states noted the importance of preventing it.</p>	<p>The Assembly resolution should clearly say that the emission units purchased under the MBM shall not also be claimed by countries to meet their NDCs. Reference to syncing registries should be included in the Assembly resolution paragraph on “Partnerships on Registry.” Further technical work on double counting must continue in the ICAO Committee for Aviation Environmental Protection (CAEP).</p>
3. DELIVERS SOUND, TRANSPARENT ACCOUNTING AND GOVERNANCE			
<p>3.1 MRV Simple, accurate flight-by-flight emissions monitoring, reporting and verification, with reasonable safeguards for commercial confidentiality.</p>	A	<p>The Assembly resolution references the CAEP technical work on MRV conducted between 2013-2016, and it calls for MRV to be constituted as a standard and start in 2018.</p>	<p>Important principles should be included directly in the text, such as references to transparency and the need for equal enforcement.</p>
<p>3.2 Enforceable clear compliance requirements enforceable under existing regulatory authorities.</p>	Incomplete	<p>Having offset criteria and MRV done as standards is positive. Other legal aspects need further analysis.</p>	<p>The Assembly resolution should explicitly advance country and civil society action to verify compliance with the MBM by all carriers accessing country territories or utilizing their services. In addition to a standard, ICAO should provide capacity building for implementation and compliance.</p>



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3. DELIVERS SOUND, TRANSPARENT ACCOUNTING AND GOVERNANCE (CONT.)			
3.3 Broad geographic availability of emissions units.	Incomplete	There is strong support for having broad geographic availability of offset among countries in ICAO.	No further changes needed to the Assembly resolution text. This could be considered more in ICAO technical committees after the October Assembly.
3.4 Simple robust registry and tracking of emission unit transactions.	Incomplete	Lack of progress defining parameters for registries and how they should work and communicate with each other to prevent double counting of emissions units.	The Assembly resolution should have a specific mandate for a CAEP sub-group or special technical body to develop guidelines for robust registry provisions.
3.5 No conflict of interest tough standards to prevent conflicts of interest.	Incomplete	Not able to assess as the MBM governance and accounting structures have not been developed.	No further changes needed to the Assembly Resolution text. Various committees with responsibility for defining rules and implementing the MBM have strong conflict of interest criteria defined and enforced.
4. DIFFERENTIATES RESPONSIBILITIES			
4.1 Differentiates responsibilities among varied airlines and destinations, using a simple approach.	Incomplete	This is the most challenging issue to address in the negotiations, and countries are engaging bilaterally to reach consensus.	This must be solved by the Assembly in October.



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5. CREDITS ONLY BIOFUELS THAT CUT EMISSIONS			
<p>5.1 Credited biofuels must cut emissions beyond set thresholds, measured on a net lifecycle emissions basis, and only if the fuels meet environmental, social, and economic sustainability criteria, including low indirect land use change.</p>	<p>F</p>	<p>CAEP technical works has yielded some progress on biofuels accounting. However, potential challenges remain elsewhere in the Assembly resolution text, particularly the absence of biodiversity as a criterion for biofuels sustainability. Failure to mandate sustainability requirements would undermine the integrity of the GMBM.</p>	<p>The language in the Assembly resolution must ensure that any alternative fuel use credited by the GMBM meets sustainability requirements, including minimum emission reduction thresholds and environmental and social criteria.</p>
6. AUTHORIZES ONLY HIGH-QUALITY EMISSIONS UNITS			
<p>6.1 Emission unit criteria Airlines should only be allowed to use emissions credits and allowances from other sectors to offset their own emissions if those deliver real, additional, verifiable, permanent emissions reductions, and support sustainable development.</p>	<p>B</p>	<p>High-level criteria were agreed upon by ICAO's Committee for Aviation Environmental Protection in February 2016. The CAEP Global Market-Based Measure Task Force (GMTF) and after the October Assembly. The offset criteria that have been agreed will be a standard that will be enforced by countries.</p>	<p>No further elaboration of emissions unit criteria is necessary in the Assembly resolution. The Council must create an independent advisory body post-Assembly to apply the criteria that will be enforced.</p>
<p>6.2 "Negative List" Credits coming from environment-ally questionable sources such as HFC-23, adipic acid, carbon capture and storage, large hydro, nuclear, and fossil fuel projects should be excluded upfront.</p>	<p>F</p>	<p>The ICAO CAEP's emissions unit criteria guidelines do not identify a list of environmentally and socially questionable project types that should be excluded—i.e. a "negative list."</p>	<p>The Assembly resolution must include a negative list of project types (proposed by ICSA). If not, CAEP and the ICAO Council must develop this "negative list."</p>



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7. INVITES ADDITIONAL ACTION			
<p>7.1 Welcomes more ambitious policies to cut aviation pollution including through additional operational measures; and rapid deployment of the lowest greenhouse gas emitting technologies.</p>	<p>D</p>	<p>Clause 4bis in the Assembly resolution text is aimed at undermining additional ambition and sits in the operational part of the resolution.</p>	<p>The Assembly resolution must not reference the global MBM as the exclusive provision covering these emissions. The resolution should include a specific reference enabling countries to take more ambitious action.</p>
8. BUILDS CAPACITY FOR DEVELOPING COUNTRIES TO IMPLEMENT AND ENFORCE THE PLAN			
<p>8.1 Developing countries must have capacity to implement and enforce the plan.</p>	<p>B</p>	<p>The most recent public Assembly resolution text includes guidance for capacity building efforts. In May 2016, the President of ICAO said that some changes would need to be made to these sections.</p>	<p>Technical improvements to the Assembly resolution text must help increase clarity.</p>

¹ The most recent publicly available version of the Assembly Resolution text refers to the global MBM as the Carbon Offsetting Scheme for International Aviation (COSIA)

² ICSA's Checklist sets recommendations for the type of MBM ICAO Member States must adopt by October 7. This can be found at <http://www.flightpath1point5.org/#toward-1-5>.

³ Carbon neutral growth from 2020 is ICAO and the aviation industry's net emissions target. This effectively means that any aviation emissions above 2020 levels must be offset through the purchase of emissions unit credits (e.g. offsets or allowances).

⁴ The "100% sectoral" approach derives an airline's offsetting requirement by multiplying an airline's emissions in a particular year by a sectoral growth factor. It favors fast growing carriers. The "100% individual" approach has an airline's offsetting requirement simply reflect. This approach favors airlines with low and negative emission growth rates; many of these carriers are based in developed countries.