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HIGH-LEVEL MEETING ON A GLOBAL MARKET-BASED MEASURE SCHEME

Montréal, 11 to 13 May 2016

Agenda Item 1: Review of draft Assembly Resolution text on a global MBM scheme for international aviation

Agenda Item 2: Recommendations to the 208th Session of the Council

DEVELOPMENTS ON A GLOBAL MARKET-BASED MEASURE SCHEME SINCE THE 38TH SESSION OF THE ICAO ASSEMBLY

(Presented by the Secretariat)

EXECUTIVE SUMMARY

This paper presents the work of the Organization towards the development of a global market-based measure (MBM) scheme for international aviation, in order to fulfil the request from the 38th Session of the ICAO Assembly in 2013. Significant efforts have been made by the ICAO Council and its Environment Advisory Group (EAG) and the High-level Group on a Global MBM Scheme (HLG-GMBM), with technical input provided by the Committee on Aviation Environmental Protection (CAEP).

In addition, two rounds of Global Aviation Dialogues (GLADs) on MBMs were conducted during April 2015 and March-April 2016, covering all ICAO regions, to provide information on the relevant ICAO work and to familiarize participants with draft Assembly Resolution text on a global MBM scheme for international aviation. The results of the two rounds of GLADs are summarized in HLM-GMBM-WP/3

Building on the progress achieved by the Organization since the 38th Assembly, the Council in April 2016 decided the draft Assembly Resolution text to be considered by the HLM-GMBM (see Appendix).

Action by the HLM-GMBM is in paragraph 5.

References:

Doc 10022, *Assembly Resolutions in Force (as of 4 October 2013)*

All supporting material will be provided on the HLM-GMBM website:
<http://www.icao.int/Meetings/HLM-MBM/Pages/default.aspx>

1. INTRODUCTION

1.1 The 38th Session of the ICAO Assembly in 2013, through Resolution A38-18 (paragraphs 18 and 19), “decided to develop a global MBM scheme for international aviation, and requested the Council, with the support of Member States, to:

- a) finalize the work on the technical aspects, environmental and economic impacts and modalities of the possible options for a global MBM scheme, including on its feasibility and practicability, taking into account the need for development of international aviation, the proposal of the aviation industry and other international developments, as appropriate, and without prejudice to the negotiations under the UNFCCC;
- b) organize seminars, workshops on a global scheme for international aviation participated by officials and experts of member States as well as relevant organizations;
- c) identify the major issues and problems, including for member States, and make a recommendation on a global MBM scheme that appropriately addresses them and key design elements, including a means to take into account special circumstances and respective capabilities as provided for in paragraphs 20 to 24 below, and the mechanisms for the implementation of the scheme from 2020 as part of a basket of measures which also include technologies, operational improvements and sustainable alternative fuels to achieve ICAO’s global aspirational goals; and
- d) report the results of the work in sub-paragraphs a), b) and c) above, for decision by the 39th Session of the Assembly;”.

2. ENVIRONMENT ADVISORY GROUP

2.1 Following the 38th Assembly, the ICAO Council established the Environment Advisory Group (EAG), which was composed of 17 Council Members and the International Air Transport Association (IATA) representative to oversee all work related to the development of a global MBM scheme, with technical support provided by CAEP. The EAG held 15 meetings from March 2014 to January 2016.

2.2 The EAG achieved initial progress using a “Strawman” approach, which started with a basic proposal for a global MBM scheme with a view to generating discussion and analyses on advantages and disadvantages of design elements thus allowing for improvements of the Strawman proposal.

2.3 The initial set of technical analyses on the Strawman proposal requested by the EAG and Council included the assessment of: volumes of future CO₂ emissions from international aviation and overall cost impacts to achieve the carbon neutral growth from 2020; cost impacts of using combinations of the individual operator’s growth factor of emissions and the international aviation sector’s average growth factor, for distribution of offsetting requirements; adjustments of offsetting requirements, such as for fast growers, early movers and new entrants; and technical exemptions and exemptions of routes to/from low emitting States. The CAEP completed the initial analyses and presented the related results to the EAG/7 meeting in October 2014.

2.4 Additional analyses were requested in late 2014 that focused on the assessment of various approaches for distribution of offsetting requirements, including:

- a) refinement of technical analyses presented to the EAG/7 meeting, including the use of variable (dynamic) growth factors over time;
- b) analyses of a route-based approach, including the definition of routes, using different criteria, as well as metrics for categorization of routes;
- c) analyses of an accumulative approach based on historical emissions; and
- d) comparison of various approaches for distribution of offsetting requirements.

2.5 The CAEP completed the additional analyses and presented the results of all technical analyses to the EAG/15 meeting in January 2016.

2.6 In addition, the EAG was frequently kept updated of CAEP's work in developing recommendations on technical design elements of a global MBM scheme, namely: Monitoring, Reporting and Verification (MRV); Emissions Unit Criteria (EUC); and Registries. The CAEP/10 meeting in February 2016 accepted the recommendations, as submitted to the meeting, to be used as the basis of CAEP future work, and subject to further decisions on a global MBM scheme by the Council and the 39th Assembly.

3. GLOBAL AVIATION DIALOGUES

3.1 In response to the Assembly request to organize seminars and workshops on a global MBM scheme for international aviation (A38-18, paragraph 19 b)), ICAO concluded two rounds of Global Aviation Dialogues (GLADs) on market-based measures during April 2015 and March-April 2016, covering all ICAO regions. The objective of the GLADs were to: share information regarding MBMs and their role in a basket of measures to address CO₂ emissions from international aviation; provide up-to-date information on the ICAO work to develop a global MBM scheme; familiarize participants with the proposed draft Assembly Resolution text; provide opportunities to receive feedback from Member States and relevant organizations; and serve as preparation for the High-level Meeting on a Global MBM Scheme and subsequently for the 39th Assembly.

3.2 The results of the two rounds of GLADs are summarized in HLM-GMBM-WP/3.

4. HIGH-LEVEL GROUP AND DRAFT ASSEMBLY RESOLUTION TEXT

4.1 The EAG/15 meeting in January 2015 considered a draft Assembly Resolution text on a global MBM scheme, which was developed taking into account the progress achieved and views expressed during previous EAG deliberations.

4.2 The EAG/15 meeting recommended, and the Council endorsed, that a High-level Group on a Global MBM Scheme (HLG-GMBM) be established to facilitate the convergence of views in order to finalize draft Assembly Resolution text on a global MBM scheme, to be later considered by the Council. The HLG-GMBM was composed of high-level aviation and/or transport representatives of 18 Member States of the Council, taking into account geographical representation.

4.3 The HLG-GMBM met twice (24 to 25 February and 13 to 15 April 2016) to review the draft Assembly Resolution text, and made progress towards improving and clarifying a number of provisions in the draft text.

4.4 Building upon the views expressed during the first meeting of the HLG-GMBM that additional time should be allotted for bilateral and multilateral consultations among the members, the second meeting included informal consultation sessions by small groups, with a view to facilitating possible convergence of views on specific topics: the means for differentiation/non-discrimination; environmental integrity and emissions coverage; and distribution of obligations, which were related to paragraphs 7, 8, 9 and 12.

4.5 As the results of small group consultations, the following views, ideas and textual clarifications were provided:

a) Paragraph 7 (phased implementation):

- 1) Some members accepted the text as it is;
- 2) Improvement of the text in paragraph 7 on what refers to the choice of criteria, as follows:
 - a. RTKs – there was a broad support for the use of Revenue Tonne Kilometres (RTKs) as one of the criteria, while some preferred the use of RTKs only;
 - b. GNI per capita – Some expressed concern on the use of “Gross National Income (GNI) per capita” and suggested other possible indicators in combination with RTKs, including ICAO Scales of Assessment and UN index; and
 - c. Some others were in favour of replacing the criteria with developed/developing countries;
- 3) Some suggested a possible approach of including all States initially, with criteria to allowing for opting-out of the scheme;
- 4) Some supported strengthening the call to voluntary inclusion in paragraph 7d); and
- 5) A few members suggested an approach based on nationally determined contributions;

b) Paragraph 8 (route-based exemptions):

- 1) Alternative text was suggested for clarification (as in paragraph 8 in the Appendix);
- 2) There was request for further clarification on which flights are to be included/excluded in sub-paragraph 8 b);
- 3) Some suggested the integration of paragraphs 7 and 8 by establishing phased implementation using the route-based approach; and

- 4) One member suggested to delete the whole paragraph or redraft it to make it coherent with paragraphs 7 and 9;
- c) Paragraph 9 (distribution of offsetting requirements):
- 1) Alternative text was suggested to clarify with the formula (as in paragraph 9 in the Appendix):
 - 2) Some suggested the use of average 3 years around 2020 emissions, instead of the 2020 emissions, as the baseline of the scheme, while ensuring that this would not delay implementation;
 - 3) Some accepted the 100% sectoral approach, while others suggested a more dynamic approach by starting with 100% sectoral approach and increasing use of individual rates overtime;
 - 4) Some found the importance of aligning the timing of dynamic approach with timing of phased implementation; and
 - 5) One member suggested a higher percentage of the amount to be offset for aircraft operators from developed countries;
- d) Paragraph 12 (no redistribution of exempted emissions): While there was a broad agreement on this paragraph, some recognized that it was linked with, and dependent on, decisions on paragraphs 7, 8 and 9;
- e) New paragraph: Some suggested a new paragraph on non-duplicative application of international aviation CO₂ emissions beyond the ICAO GMBM, as follows:
- “X. *Confirms* that States do not include international aviation in their national or regional MBMs, in order to avoid duplicative application on international aviation CO₂ emissions beyond the COSIA;”
- f) There was suggestion to highlight all provisions of draft Assembly Resolution text that support differentiation (as in paragraphs 6, 7, 8, 9, 10, 12, 18 and 19 in the Appendix); and
- g) Some suggested consolidating the provisions related to capacity building (see paragraph 18 in the Appendix).

4.6 Some members of the HLG-GMBM provided views on paragraphs of the draft text other than those referred to in paragraph 4.5 above; however, due to time constraints, these views could not be thoroughly discussed by the Group.

4.7 The HLG-GMBM recognized that paragraphs 7, 8 and 9 of draft Assembly Resolution text would continue to be the most crucial component for which divergent views remained, and for which all States were strongly encouraged to continue bilateral and multilateral consultations with other States with a view to bridging the views and developing possible compromise text, to be presented to the Council and to the High-level Meeting.

4.8 The Council on 20 April 2016 took note of the progress made by the HLG-GMBM in clarifying the draft Assembly Resolution text, as described in paragraph 4.5 above, and decided that the revised draft Assembly Resolution text provided in the Appendix, is to be presented to the High-level Meeting for its consideration.

4.9 The Council also took note of the views expressed on paragraphs of the draft text other than those referred to in paragraph 4.5 above, such as the reflection of all efforts being made to address international aviation emissions in preamble paragraphs of the draft text; the need to better highlight the progress made and the priority of other technical elements of a basket of measures and the complementary role of the global MBM scheme as a temporary emissions gap filler to achieve carbon neutral growth from 2020 by strengthening and further clarifying paragraphs 1 to 3 of the draft text; the establishment of a specific threshold for cost safeguards in paragraph 15 of the draft text, and the need to recognize on-going and further work for the implementation mechanisms in paragraph 17, and in placing more emphasis on how a global MBM scheme will support the reduction of international aviation CO₂ emissions than on its economic dimension.

4.10 The Council also requested the Secretariat to compile all the supporting material for the participants in the High-level Meeting, such as the graphical and illustrative explanations and examples of the draft Assembly Resolution text and relevant data to clarify and help understand the draft text; summaries of various technical analyses of a global MBM scheme undertaken by CAEP; background information on the progress in all elements of a basket of measures. This material is to be made available on the High-level Meeting website prior to its opening session.

5. ACTION BY THE HLM-GMBM

5.1 The HLM-GMBM is invited to:

- a) note the information in this Working Paper;
- b) review the draft Assembly Resolution text on a global MBM scheme, as provided in the Appendix, for its further improvements, and submit its recommendations to the 208th Session of the Council.

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APPENDIX

Draft Assembly Resolution text on a Global Market-based Measure (GMBM) Scheme (As of 20 April 2016, to be presented to the High-level Meeting on GMBM from 11 to 13 May 2016)

Whereas Assembly Resolution A38-18 decided to develop a global market-based measure (GMBM) scheme for international aviation, for decision by the 39th Session of the Assembly; *{Existing text from A38-18, paragraph 18}*

Recalling that Assembly Resolution A38-18 requested the Council, with the support of Member States, to finalize the work on the technical aspects, environmental and economic impacts and modalities of the possible options for a GMBM scheme, including on its feasibility and practicability, taking into account the need for development of international aviation, the proposal of the aviation industry and other international developments, as appropriate, and without prejudice to the negotiations under the UNFCCC; *{Existing text from A38-18, paragraph 19 a)}*

Also recalling that Assembly Resolution A38-18 requested the Council, with the support of Member States, to identify the major issues and problems, including for Member States, and make a recommendation on a GMBM scheme that appropriately addresses them and key design elements, including a means to take into account special circumstances and respective capabilities, and the mechanisms for the implementation of the scheme from 2020 as part of a basket of measures which also include technologies, operational improvements and sustainable alternative fuels to achieve ICAO's global aspirational goals; *{Existing text from A38-18, paragraph 19 c)}*

Recognizing the significant amount of work undertaken by the Council, its Environment Advisory Group (EAG) and its Committee on Aviation Environmental Protection (CAEP) to develop a recommendation for a GMBM scheme and its design elements and implementation mechanisms, including the analyses of various approaches for distribution of obligations; *{New text to reflect the work since A38}*

Further recalling that Assembly Resolution A38-18 requested the Council, with the support of Member States, to organize seminars, workshops on a GMBM scheme for international aviation participated by officials and experts of Member States as well as relevant organizations; *{Existing text from A38-18, paragraph 19 b)}*

Recognizing the convening of two rounds of Global Aviation Dialogues (GLADs) seminars held in 2015 and 2016 for all regions; *{New text to reflect the work since A38}*

Noting the support of the aviation industry for a single global carbon offsetting scheme, as opposed to a patchwork of State and regional MBMs, as a cost effective measure to complement a broader package of measures including technology, operations and infrastructure measures; *{Existing text from A38-18 preamble}*

Recognizing that MBMs should not be duplicative and international aviation CO₂ emissions should be offset only once; *{Based on text from A38-18, Annex paragraph f)}*

Emphasizing that the decision by the 38th Session of the Assembly to develop a global MBM scheme for international aviation reflects the strong support of Member States for a global solution for the international aviation industry, as opposed to a possible patchwork of State and regional MBMs; *{Reflecting the background for a global solution compared to patchwork of MBMs}*

Acknowledging the principles and provisions on common but differentiated responsibilities and respective capabilities, and with developed countries taking the lead under the UNFCCC and the Kyoto Protocol; ***{Existing text from A38-18 preamble}***

Also acknowledging the principles of non-discrimination and equal and fair opportunities to develop international aviation set forth in the Chicago Convention; ***{Existing text from A38-18 preamble}***

Whereas the Kyoto Protocol provides for different flexible instruments (such as the Clean Development Mechanism — CDM) which would benefit projects involving developing States; ***{Existing text from A38-18 preamble}***

Whereas the UNFCCC COP21 Paris Agreement provides for a new market mechanism to contribute to the mitigation of GHG emission to support sustainable development, which would benefit projects involving developing States; ***{New text reflecting Paris Agreement}***

Welcoming the cooperation between the United Nations Framework Convention on Climate Change (UNFCCC) and ICAO Secretariats on the development of CDM methodologies for aviation; ***{New text on CDM methodologies}***

The Assembly:

1. *Acknowledges* the progress achieved on all elements of the basket of measures available to address CO₂ emissions from international aviation, including aircraft technologies, operational improvements, sustainable alternative fuels and a GMBM scheme and any other measures, and *affirms* the preference for the use of aircraft technologies, operational improvements and sustainable alternative fuels that provide the environmental benefits within the aviation sector; ***{Basket of measures and preference for non-MBM measures}***
2. *Also acknowledges* that, despite this progress, the environmental benefits from aircraft technologies, operational improvements and sustainable alternative fuels may not deliver sufficient CO₂ emissions reductions to address the growth of international air traffic, and to achieve the global aspirational goal of keeping the global net CO₂ emissions from international aviation from 2020 at the same level; ***{Recognition of not achieving CNG 2020 by non-MBM measures}***
3. *Emphasizes* the complementary role of a GMBM scheme to the other elements of a basket of measures, as a temporary emissions gap filler to achieve the global aspirational goal, without imposing inappropriate economic burden on international aviation; ***{Complementary role of GMBM to achieve CNG 2020}***
4. *Decides* to implement a GMBM scheme in the form of the Carbon Offsetting Scheme for International Aviation (COSIA) to address any annual increase in total CO₂ emissions from international aviation (i.e. flights that depart in one country and arrive in a different country) above the 2020 levels, taking into account special circumstances and respective capabilities; ***{GMBM is Carbon Offsetting Scheme for International Aviation (COSIA)}***
5. *Requests* the Council to continue to ensure all efforts to make further progress on aircraft technologies, operational improvements and sustainable alternative fuels be taken by Member States and reflected in their action plans to address CO₂ emissions from international aviation, and to monitor the progress on implementation of action; ***{Further progress on non-MBM measures}***
6. *Acknowledges* special circumstances and respective capabilities of States, in particular developing States, in terms of vulnerability to the impacts of climate change, economic development levels, and

contributions to international aviation emissions, while minimizing market distortion; *{Recognition of special circumstances of States}* – **Support Differentiation**

7. *Decides* the use of a phased implementation for the COSIA to accommodate the special circumstances and respective capabilities of States, in particular developing States, while minimizing market distortion, as follows: *{Phased implementation}* – **Support Differentiation**

a) First implementation phase applies from 2021 to the following States:

- 1) States that are classified as high income States in terms of gross national income (GNI) per capita in year 2018 (as calculated and published by the World Bank method); or
- 2) States that either have an individual share of international aviation activities in Revenue Tonnes Kilometers (RTKs) in year 2018 above 1.0 per cent of total RTKs, or whose cumulative share in the list of States from the highest to the lowest amount of RTKs reaches 80 per cent of total RTKs;

b) Second implementation phase applies from 2026 to the following additional States:

- 1) States that are classified as upper middle income States in terms of GNI per capita in year 2018 (as calculated and published by the World Bank method); or
- 2) States that either have an individual share of international aviation activities in RTKs in year 2018 above 0.5 per cent of total RTKs, or whose cumulative share in the list of States from the highest to the lowest amount of RTKs reaches 95 per cent of total RTKs;

c) the COSIA does not apply to States which are classified as the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or Landlocked Developing Countries (LLDCs), unless those States meet both criteria 1) and 2) in sub-paragraphs a) and b) above; *{Exemptions of LDCs, SIDS and LLDCs}*

d) nevertheless, States that are not covered by the provisions in sub-paragraph a) or b) above are encouraged to voluntarily determine to participate in the scheme, in particular those States that are members of a regional economic integration organization; *{Voluntary participation}*

8. *Decides* that the COSIA shall apply to all aircraft operators on the same routes between States with a view to minimizing market distortion, as follows:

- a) all international flights on the routes between States, both of which are included in the COSIA by paragraph 7 above, are covered by the offsetting requirements of the COSIA;
- b) all international flights on the routes between a State that is included in the COSIA and another State that is not included in the COSIA by paragraph 7 above are exempted from the offsetting requirements of the COSIA, while retaining simplified reporting requirements; and – **Support Differentiation**
- c) all international flights on the routes between States, both of which are not included in the COSIA by paragraph 7 above, are exempted from the offsetting requirements of the COSIA, while retaining simplified reporting requirements; *{Minimize market distortion}* – **Support**

Differentiation

9. *Decides* that the amount of CO₂ emissions required to be offset by an aircraft operator in a given year from 2021 is calculated every year as follows:

- a) *amount of offsets = an operator's emissions covered by COSIA in a given year × sector's growth factor in the given year;*
- b) *where the sector's growth factor = (total emissions covered by COSIA in the given year – total emissions covered by COSIA at the 2020 levels) / total emissions covered by COSIA in the given year; and*
- c) *the total emission covered by COSIA in the given year do not include emissions exempted from the scheme in that year; **Distribution with 100% sectoral rate, without adjustments for fast growers or early movers** – **Support Differentiation***

10. *Decides* that a new entrant¹ is exempted from the application of the COSIA for three years or until the year in which its annual emissions exceed 0.1 per cent of total emissions in 2020, whichever occurs earlier. From the subsequent year, the new entrant is included in the scheme and treated in the same way as the other operators. *{New entrants}* – **Support Differentiation**

11. *Decides* that, notwithstanding with the provisions above, the COSIA does not apply to low levels of international aviation activity with a view to avoiding administrative burden: aircraft operators emitting less than 10,000 metric tonnes of CO₂ emissions from international aviation per year; aircraft with less than 5,700 kg of Maximum Take Off Mass (MTOM); or humanitarian, medical and firefighting operations; *{Technical exemptions}*

12. *Decides* that the emissions that are not covered by the scheme, as the results of phased implementation and exemptions, are not assigned as offsetting requirements of any operators included in the scheme; *{No redistribution of exempted emissions}* – **Support Differentiation**

13. *Notes* the work of the Council, with the technical contribution of CAEP, on the monitoring, reporting and verification (MRV) system, criteria for emissions units to be purchased by aircraft operators, and registries under the COSIA, and *requests* the Council, with the technical contribution of CAEP, to complete its work so as to enable the full implementation of the COSIA from 2020; *{MRV, EUC, Registries – CAEP recommendations }*

14. *Decides* a three year compliance cycle, starting with the first cycle from 2021 to 2023, within which aircraft operators reconcile their offsetting requirements under the scheme, while they report the required data to a single State authority every year; *{Compliance cycle}*

15. *Decides* the need to provide for safeguards in the COSIA to ensure the sustainable development of the international aviation sector and against inappropriate economic burden on international aviation due to market failure, such as excessive pricing of emissions units or restrictions to carbon market access; where under such circumstances, the Council should intervene to review the COSIA and consider possible means to address these issues; *{Cost safeguard}*

¹ A new entrant is defined as any aircraft operator that commences an aviation activity falling within the scope of the scheme on or after its entry into force and whose activity is not in whole or in part a continuation of an aviation activity previously performed by another aircraft operator.

16. *Decides* that the design elements of the COSIA apply until the end of 2035, with a periodic review every three years from 2022 including the need for suspension of the scheme as a result of achieving the global aspirational goals through non-MBM measures, and the cost impact of the scheme such that it may affect the sustainable development of the aviation industry, and a review for any extension of the scheme beyond 2035 is undertaken by end 2032; ***{Duration and Review}***

17. *Requests* the following actions be taken, with a view to establishing necessary mechanisms for implementation of the COSIA from 2020:

Regarding the implementation of the MRV system,

- a) the Council to develop, with the technical contribution of CAEP, the SARPs and related guidance material for the implementation of the MRV system under the COSIA, for adoption by the Council by June 2017; ***{MRV rules development}***
- b) all Member States whose aircraft operator undertakes international flights to develop the necessary arrangements for the implementation of the MRV system from 1 January 2018, in accordance with the MRV SARPs ; ***{MRV rules implementation}***

Regarding the Emissions Unit Criteria (EUC),

- c) the Council to develop, with the technical contribution of CAEP, necessary guidance material for Emissions Unit Criteria (EUC) to support the purchase of appropriate emissions units by aircraft operators under the scheme, for adoption by the Council by 2018; ***{EUC guidance development}***
- d) the Council to establish, with the technical contribution of CAEP, a standing technical advisory body on the Emissions Unit Criteria (EUC) to support the application of the EUC by Member States; ***{Eligible programmes }***

Regarding the establishment of Registries,

- e) the Council to develop, with the technical contribution of CAEP, necessary guidance material to support the establishment of registries under the scheme, for adoption by the Council by 2018; ***{Registry guidance development}***
- f) the Council to establish a consolidated central registry under the auspices of ICAO, for operationalization no later than 1 January 2021; ***{Central registry establishment }***
- g) Member States included in the scheme at the first implementation phase to develop necessary arrangements for the establishment of their own registries or group registries established by groups of States, in accordance with the ICAO guidance, for operationalization no later than 1 January 2021; ***{Registry establishment for 1st phase States}***
- h) Member States newly included in the scheme at the second implementation phase to develop necessary arrangements for the establishment of their own registries or group registries established by groups of States, in accordance with the ICAO guidance, for operationalization no later than 1 January 2026; ***{Registry establishment for 2nd phase States}***

Regarding the governance of the COSIA,

- i) the Council to oversee the functioning of the COSIA, with support provided by the standing technical advisory body and CAEP, as needed, including the review of the design elements of the scheme; *{Governance}*

Regarding the regulatory framework,

- j) Member States to take necessary action to ensure that the necessary national regulatory framework be established for the compliance and enforcement of the scheme by 2020. *{Regulatory framework}*

18. *Decides* that ICAO and Member States take all necessary actions in providing the capacity building and assistance and building partnerships for implementation of the COISA from 2020, including:

– **Support Differentiation**

Regarding the implementation of the MRV system,

- a) the Council to take necessary action to expand the provision of capacity building and assistance for the preparation and implementation on Member States' action plans, in order to accommodate capacity building and assistance for implementation of the MRV system by Member States from 1 January 2018, including organization of seminars and training in all regions from 2017, and facilitation of financial support where needed; *{Capacity building on MRV}*
- b) Member States to build partnerships among themselves to cooperate on the implementation of the MRV system; *{Partnerships on MRV}*

Regarding the establishment of Registries,

- c) the Council to take necessary action to expand the provision of capacity building and assistance for the preparation and implementation on Member States' action plans, in order to accommodate capacity building and assistance for establishment of registries by States, including organization of seminars and training in all regions from 2017, and facilitation of financial support where needed; *{Capacity building on Registry }*
- d) Member States to build partnerships among themselves to cooperate on the establishment of their own registries or group registries established by groups of States, and possible pilot implementation; *{Partnerships on Registry}*

19. *Requests* the Council to promote the use of emissions units generated from programmes that meet the Emissions Unit Criteria (EUC) and would benefit projects involving developing States by the COSIA, including emissions units generated from the CDM, new market mechanisms or other programmes under the UNFCCC, and *encourages* States to develop aviation-related projects; *{Further actions on the use of emissions units}* – **Support Differentiation**

20. *Requests* the Council to explore further development of aviation-related methodologies for use in offsetting programmes, including mechanisms or other programmes under the UNFCCC, and *encourages* States to use such methodologies in taking actions to reduce aviation CO₂ emissions, which could further enable the use of credits generated from the implementation of such programmes by the COSIA, without double-counting of emissions reduction; *{Further actions on aviation-related methodologies }*