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Agenda Item 8: Environmental Protection Matters

CONTRIBUTIONS OF CENTRAL AMERICA IN THE IMPLEMENTATION OF THE CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSA)

(Presented by Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, member states of the Central American Corporation for Air Navigation Services - COCESNA)

EXECUTIVE SUMMARY

This working paper refers to the contribution that the Central American region makes to the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). It is considered that, despite the reduction in operations caused by the COVID-19 health crisis and its consequent effects, far from inhibiting their participation, two Central American States have joined the participation from the voluntary phase of the aforementioned ICAO environmental mechanism. In this sense, developing States, Belize, Costa Rica, El Salvador, Guatemala and Honduras contribute to the fulfilment of ICAO's strategic objectives. Thus, despite not representing large emissions and being small countries, it contributes to more routes being covered in benefit of the comprehensiveness and robustness of the aforementioned mechanism.

Action:	Directors of Civil Aviation from North America, Central America and the Caribbean are invited to: <ul style="list-style-type: none">• Take note of the information presented.• The NACC office is requested to accompany the negotiations with the ICAO Technical Cooperation Office (TCB) for the financing of technical assistance for <i>The Design of a Central American Strategy for the Sustainable Development with low emissions of Air Transport in the region</i>. The foregoing is consistent with ICAO's strategic objectives, in line with the United Nations Sustainable Development Goals (SDG) and COCESNA's Strategic Plan.
Strategic Objectives:	<ul style="list-style-type: none">• Environmental Protection
References:	<ul style="list-style-type: none">• Resolution A40-19: Consolidated statement of continuing ICAO policies and practices related to environmental protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).

1. Introduction

1.1 At the 40th Session of the ICAO Assembly, ICAO Member States adopted Resolution A40-19: Consolidated statement of continuing ICAO policies and practices related to environmental protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

1.2 Under numeral 5 of the resolution, its decision is recalled, adopted at the 39th Session, to implement a Global Market-based Measures (GMBM) scheme that will take the form of a Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to address any increase in the total annual CO₂ emissions from international civil aviation (i.e. civil aviation flights leaving one country and arriving in another) above 2020 levels, taking into account special circumstances and respective capabilities.

1.3 Likewise, numeral 8 of this resolution, it recognizes the special circumstances and the respective capabilities of the States, in particular developing States, in terms of vulnerability to the impacts of climate change, economic development levels, and contributions international aviation emissions, among other things, while minimizing market distortion.

1.4 According to the *Programa Estado de la Nación* (2011) issued by the National Council of Rectors of Universities of Costa Rica, climate change poses a contradictory situation for Central America, since the isthmus is responsible for less than 0.5% of greenhouse gas (GHG) emission, but at the same time it is recognized as the most prominent "hot spot" in the tropics; that is, it would potentially be the area of the world most vulnerable to impacts. This demonstrates the seriousness of the climate crisis and the vulnerability of the Central American region due to its geographical location, to which economic, social and environmental problems must be added.

1.5 Based on the foregoing, aware that efforts must be joined to improve the environment in the international civil aviation sector and to face climate change, the Central American States of Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua integrated into the Central American Corporation of Air Navigation Services (COCESNA), developed the Central American Action Plan for the Emissions Reduction from International Aviation, called CAAPER, for which the set of measures promulgated by ICAO are applied in terms of air traffic management improvement, among others.

1.6 Likewise, with the commitment to support all efforts aimed at reducing and/or repairing the environmental impacts related to global warming, five States of the Central American Region: Belize, Costa Rica, El Salvador, Guatemala and Honduras have taken the initiative to participate from the voluntary phase of CORSIA.

2. Analysis

2.1 The participation of States for the pilot phase (2021 to 2023) and the first phase (2024 to 2026) is voluntary, however, for the second phase, from 2027, all States that have an individual participation in international aviation activities in 2018 that exceeds 0.5% of the total activity or whose accumulated participation reaches 90% of the total activity will be included (Ref. Annex 16, 3.1.3).

2.2 Developing countries, Small Island Developing States, and landlocked developing countries are exempt unless they volunteer to participate, as was the case with the Central American countries noted above.

2.3 The impact of Covid-19 has **significantly decreased international aviation operations, traffic and CO₂ emissions in 2020**, which would lead to a consequential reduction of the CORSIA baseline, calculated with the average of 2019 and 2020 emissions. Based on this, **ICAO determined that only the average in 2019 will be used**, for the implementation of the pilot phase between 2021 and 2023.

2.4 Given the nature of the mechanism's design, the more States join CORSIA and the earlier they do so, the more emissions are covered, therefore increasing the environmental integrity of the plan. The more emissions are covered, the more units will be needed, thus there will be more opportunities to invest in emission reduction projects, particularly in Developing States. At this point, it should be noted that as of September 2021 there are 107 States, whose interest has been expressed to participate in CORSIA from the pilot phase.

2.5 In keeping with the collaborative spirit of the member States of COCESNA and their commitment to environmental issues, the support of the NACC office is kindly requested to accompany the process that will allow the technical assistance for ***The Design of a Central American Strategy for the Sustainable Development with low emissions of Air Transport in the region***, in accordance with the Terms of Reference described in the **Appendix** to this WP.

3. Conclusion

3.1 CORSIA is a global market-based measure designed to offset CO₂ emissions from international aviation in order to stabilize the levels of those emissions from 2020, Carbon Neutral Growth from 2020 (CNG2020). Compensation of CO₂ emissions will be achieved through the purchase and cancellation of emission units from the global carbon market by aeroplane operators.

3.2 The invaluable support to the Central American States of the Central American Corporation for Air Navigation Services, COCESNA, in the adequate implementation of the CORSIA mechanism, of the CORSIA Buddy Partnerships, especially the technical support of Spain, should be considered. Likewise, the importance of the COCESNA/Central American Agency for Aeronautical Security (ACSA) – Services and Studies for Air Navigation and Aeronautical Security (SENASA) – Spain's State Aviation Security Agency (AESA) agreement within the framework of the Cooperation between the European Union and Latin America in Civil Aviation Matters (EU-LAC APP) in the section related to environmental issues, as a result of the goal of carbon-neutral growth.

3.3 According to ICAO, the States that voluntarily participate in the CORSIA pilot phase will have priority in terms of capacity building and assistance, in view of which we hope that our States will be part of the specific assistance programmes that materialize in terms of technical cooperation through the TCB/ICAO office.

3.4 The Directors of Civil Aviation of North America, Central America and the Caribbean are invited to:

- a. Take note of the information presented.
- b. The NACC office is requested to accompany the negotiations with the ICAO/TCB for the financing of technical assistance for ***The Design of a Central American Strategy for the Sustainable Development with low emissions of Air Transport in the region***. The foregoing is consistent with ICAO's strategic objectives, in line with the United Nations Sustainable Development Goals (SDG) and COCESNA's Strategic Plan.

APPENDIX

TERMS OF REFERENCE

Technical assistance for the design of a Central American strategy for the sustainable development with low emissions of air transport in the region

I. BACKGROUND

Air transport is considered a very important factor for promoting the development of States, through economic growth, employment, trade and mobility; since it plays a fundamental role in the economies of the different regions worldwide.

Based on the foregoing, different regions have established agreements or developed strategies, policies or plans for the development with low emissions in air transport in a joint and coordinated manner, with a common vision of future development. Examples include the Agreement on Air Transport amongst Member States and Associate Members of the Association of Caribbean States (2010), Decision 582 of the Andean Community related to Air Transport in the Andean Community (2004) and the proposal for a Strategic Plan for the Sustainability of Air Transport in the South American Region, whose preparation was led by the South American Regional Office (SAM) of the International Civil Aviation Organization (ICAO, 2017).

It is important to highlight that the European Union (EU) established *An Aviation Strategy for Europe* (2015), with the aim of promoting the development of air transport in all its areas to increase the competitiveness of airports and air operators; therefore, also indirectly strengthening tourism and the economy of the EU member countries in general.

It should be noted that, given the importance that the development of air transport has in the countries, in 2019 the Honorable Board of Directors of the Central American Corporation for Air Navigation Services (COCESNA), through Resolution Number RECD 2019/146.5A, approved the Reform of the Corporation's Statute (2019), in which it incorporated the promotion of air transport in the region as one of its objectives and functions, so that its development can be promoted in an efficient, sustainable, safe and orderly manner.

II. JUSTIFICATION OF THE TECHNICAL ASSISTANCE

According to studies carried out by Oxford Economics in alliance with the International Air Transport Association (IATA), air transport has a wide range of benefits for Central American countries; Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.

Oxford Economics states that international civil aviation generates direct and indirect employment and makes an important contribution to the gross domestic product (GDP) of Central American States. In this regard, more than 26 billion dollars is the estimated contribution in the gross value added to the GDP of air transport in the region.

However, there are different barriers that have not allowed the region to obtain the maximum benefits of air connectivity, which is the reason IATA (2018) has recommended the following:

- create a regulatory framework in line with the best global practices;
- ensure competitive costs and an efficient airport administration through open communication with the industry; and
- ensure a transparent management and the participation of the industry in infrastructure planning and development projects throughout the region.

In this sense, it is necessary to establish a strategy at the highest level that allows the guidance of the work of the different instances, institutions and actors at the Central American level to promote the development of low emissions in air transport, based on the needs identified in each of the States, to improve the competitiveness of the civil aviation sector in Central America in an economically and environmentally sustainable manner.

III. OBJECTIVES OF THE TECHNICAL ASSISTANCE

General:

To build a strategy, and its application framework in a consensual manner and validated by the States, to promote development of air transport with low-emissions in the Central American region.

Specifics:

- Develop a diagnosis containing the international environment and the current situation of air transport in Central America.
- Prepare a map of entities, institutions and actors at the regional level, linked to air transport in Central America.
- Build a strategy for the development of air transport with low emissions in the member countries of COCESNA.
- Propose a roadmap with the projects, timelines and their estimated costs, for the implementation of the proposed strategy.

IV. SCOPE AND METHODOLOGY OF THE TECHNICAL ASSISTANCE

The scope of the technical assistance is regional in nature and six member States of COCESNA will participate: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.

During the development of this technical assistance, the person in charge of this consultancy must maintain close periodic communication with the Air Transport and Environment Management (GTM) of COCESNA, with the purpose of coordinating the agenda for the proper development of their work. The range listed below is the minimum requested; however, it should not be considered restrictive to carry out the consultancy.

In order to meet the expected objectives, the technical assistance must be developed in three phases:

- **Phase 1:** Preparation and approval of the work plan.
- **Phase 2:** Development of diagnosis and mapping of entities, institutions and actors at the regional level.
- **Phase 3:** Preparation of a strategy proposal, projects, its roadmap and the estimated investment for its implementation.

Phase 1: Preparation and approval of the work plan.

As an initial stage of the technical assistance, the person in charge of the consultancy must prepare a work plan that establishes and justifies the content and scope of at least three (3) stages:

1. Research:
 - Documentary analysis.
 - Field work.
2. Systematization and writing of products.
3. Presentation and validation of results.

As a guideline, the work plan should contain at least the following sections:

- Conceptual and institutional framework of reference.
- Objectives and scope of the investigation.
- Description of methodology, techniques and research tools.
- Description of the methodology that will be applied at the regional level, including the development of information systematization instruments. It should be specified how *regionality* will be guaranteed in the systematization process.
- Description of activities for each required product.
- Calendar of activities identifying the different stages.

Phase 2: Preparation of a situational diagnosis and mapping of instances, institutions and actors at the regional level.

In this phase, the preparation of a regional situational diagnosis in the field of air transport, which identifies the needs of the Member States in relation to air competitiveness, development of airport infrastructure, among others, is planned.

Likewise, in this phase it is foreseeing obtaining a mapping of entities, institutions and actors at the regional level that allow promoting the development of air transport in Central America. It is important that all the actors that are involved in the chain of aeronautical services are identified in this section.

To achieve this goal, at least the following activities must be carried out:

- Compile the necessary information, through documentary review at the national and regional levels.
- Preparation of a directory that contains basic contact data of the mapping of the instances, institutions and actors at the regional level.

As a guideline, the regional diagnosis document should contain the following sections:

- Presentation.
- Reference framework and justification.
- Executive summary of the diagnosis In addition to an executive summary of the diagnosis.
- Description of the research methodology.
- General and specific objectives of the diagnosis.
- Description and development of each of the following sections based on the conclusions expressed in the country diagnoses:
 - Mapping of entities, institutions and actors at the regional level.
 - Report on expressed needs for low-emission development of air transport in Central America.
 - Conclusions and recommendations.
 - Bibliography.
 - List of research participants.
 - List of acronyms.

Phase 3: Preparation of the strategy proposal and its roadmap.

Once the diagnostic stage and identification of national and regional needs for the development of low emissions in air transport have been completed, the consultant must prepare a proposal for a regional strategy and a proposal for a roadmap for its implementation.

To achieve both documents, at least the following activities must be carried out:

- Base the regional strategy proposal on the inputs identified in the diagnostic stage.
- Realization and facilitation of one (1) virtual activity, with representatives of all the States and sectors involved, for the technical validation of the regional strategy and the proposed implementation roadmap, based on the national diagnoses prepared.
- Hold regular work meetings with COCESNA's Air Transport and Environment Management (GTM) staff.

The final document of the regional strategy for the development of sustainable air transport and its respective regional implementation roadmap must contain at least the following sections:

- Presentation.
- Regional Framework for Low Emission Development of Air Transport
- General and specific objectives of the strategy.
- Establishment of strategic lines/lines of action with their respective description and activities, for the development of low emissions in air transport in the region.
- Executive summary of the strategy and roadmap with its respective Power Point presentation.
- Description of the dissemination actions at the level of each of the States and at the regional level, broken down by actors (competent regional and national institutions).
- Projection of financial investment for the implementation of the strategy.
- Proposal for a roadmap (activities, schedule, persons in charge and budget) for the implementation of the strategy for the next five (5) years.
- Conclusions and general recommendations.

V. EXPECTED OUTCOMES OF TECHNICAL ASSISTANCE

Product 1: Work plan prepared and approved according to terms of reference.

Product 2: Regional situational diagnosis and mapping of instances, institutions and key actors, prepared and approved according to terms of reference.

Product 3: Regional strategy for development with low emissions of air transport with the proposed roadmap, together with the estimated investment for its implementation, prepared and approved according to terms of reference.

VI. PROFILE OF THE REQUESTED EXPERT OR CONSULTING COMPANY

- Accredited work experience on the subject and/or similar consultancies.
- Have experience in national and international air transport.
- Knowledge of the functioning of ICAO and its different instances of coordination and cooperation will be valued.

For the development of the consultancy, a multidisciplinary team of professionals may be formed. In this case, the offer must clearly detail who will be the lead person who will sign the contract to carry out the consultancy and who will coordinate the work. Furthermore, it will be valued that the team presented demonstrates methodological capabilities.

VII. TERM OF THE TECHNICAL ASSISTANCE

It will have a duration of six (6) calendar months.

VIII. OVERSIGHT

The consultant will report hierarchically to the COCESNA Air Transport and Environment Manager.

IX. PLACE WHERE THE TECHNICAL ASSISTANCE WILL BE CARRIED OUT

The hired consultant must carry out the work in his or her private office, but must be willing to hold virtual work meetings with COCESNA and the different entities, institutions, and actors involved for the collection of information.