



WORKING PAPER

ASSEMBLY — 39TH SESSION

EXECUTIVE COMMITTEE

Agenda Item 22: Environmental Protection – International Aviation and Climate Change – Policy, Standardization and Implementation Support

**SUPPORT FOR ADOPTION OF THE GLOBAL MARKET-BASED MEASURE
BY THE ICAO 39TH ASSEMBLY**

(Presented by the World Bank)

EXECUTIVE SUMMARY

Recognizing the link between climate change and poverty, and the contribution of international aviation to global development and greenhouse gases emissions, this paper aims to highlight the partnership opportunities between ICAO and the World Bank Group to support a successful implementation of the Global Market-Based Measure.

Action: The Assembly is invited to:

- a) Urge Members States to adopt the Global Market-Based Measure;
- b) Recognize the necessity of building partnerships with Multilateral Development Banks to ensure the successful implementation of the Global Market-Based Measure.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective E – <i>Environmental Protection</i>
<i>Financial implications:</i>	The activities referred to in this paper will be undertaken subject to the resources available in the 2017-2019 Regular Programme Budget and/or from extra budgetary contributions.
<i>References:</i>	

¹ English, Arabic, Chinese, French, Russian and Spanish versions provided by World Bank.

1. BACKGROUND

1.1 The World Bank Group (WBG) aims to achieve two major goals by 2030:

- a) End extreme poverty by decreasing the percentage of people living on less than \$1.90 a day to no more than 3 percent; and
- b) Promote shared prosperity by fostering the income growth of the bottom 40 percent for every country.

1.2 The WBG is a vital source of financial and technical assistance to developing countries around the world through the provision of low-interest loans, grants, credits, and advisory services. The WBG also supports research, cross-sectoral knowledge, and partnerships with relevant public and private sector actors and civil society.

1.3 The WBG's investments span across a number of sectors including education, health, agriculture, environmental and natural resource management, public administration, private sector development, and transport and information and communication technologies (ICT).

1.4 The WBG consists of five organizations: the International Development Association (IDA), the International Bank of Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

1.5 IDA provides interest-free loans – called credits – and grants to governments of the poorest countries. IBRD lends to governments of middle-income and creditworthy low-income countries. IFC, focused exclusively on the private sector, helps developing countries achieve sustainable growth by financing investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. MIGA promotes foreign direct investment into developing countries by offering political risk insurance (guarantees) to investors and lenders. ICSID provides international facilities for conciliation and arbitration of investment disputes.

2. INTRODUCTION

2.1 Climate change and poverty are inextricably linked. Without rapid, inclusive and climate smart development, the world could see more than 100 million more people living in poverty by 2030. The Paris Agreement of December 2015 called for bold action by countries, societies, and industries to address the risk and impacts of climate change.

2.2 Air transport is a significant contributor to global economic and social development. As such, a sustainable aviation sector is critical to achieve the United Nations Sustainable Development Goals adopted by world leaders in 2015 and tackle climate change.

2.3 The WBG applauds ICAO's efforts since the 38th ICAO Assembly to develop a Global Market-Based Measure (GMBM) among the basket of measures such as technical and operational efficiency improvements ICAO is pursuing to mitigate change impacts of international aviation. In particular, the WBG acknowledges the progress made in support of the collective medium-term global aspirational goal of keeping global net CO₂ emissions from international aviation past 2020 at the same level (Carbon Neutral Growth 2020).

2.4 The adoption of the GMBM would mark the first time an entire sector took global action to self-regulate its emissions of greenhouse gases and would be a major achievement and set an example for other sectors to take bold actions in the fight against climate change.

3. ICAO AND WORLD BANK PARTNERSHIP

3.1 The WBG is currently helping countries to design and implement a range of climate change mitigation policies at national and sector levels. This work includes market-based carbon pricing instruments that facilitate emission reductions and investments in low-carbon infrastructure. The WBG has extensive expertise in capacity-building activities that are central to mechanisms under the GMBM, including designing and setting up registries; monitoring, reporting, and verification systems; data collection and management tools; and regulatory frameworks for carbon markets.

3.2 Building the infrastructure needed to comply with requirements under the GMBM is a new and ambitious task for the aviation sector. The WBG stands ready to support the efforts that will be made to implement the GMBM successfully. As a pioneer in the use of market instruments to mitigate climate change, the WBG continues to play a leadership role in supporting future carbon markets and regulatory instruments, and helps countries around the world to address the types of challenges that will be faced in effectively implementing the GMBM.

3.3 The WBG congratulates ICAO for its organization of the Global Aviation Dialogues in 2015 and 2016 to start building capacity among Member States on market-based mechanisms. These dialogues have already identified areas where the World Bank Group, in partnership with ICAO, can extend expertise to stakeholders to ensure the GMBM's success.

4. CONCLUSION

4.1 The World Bank Group urges ICAO's Members States to adopt the Global Market-Based Measure at the 39th Assembly and in doing so, take a leadership position in addressing climate change.

4.2 The World Bank Group looks forward to partnering with ICAO to ensure that Member States and stakeholders are ready to move forward with the implementation of the GMBM in 2020.

— END —