



WORKING PAPER

ASSEMBLY — 39TH SESSION

EXECUTIVE COMMITTEE

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

THE CLEAN DEVELOPMENT MECHANISM (CDM) FOR INTERNATIONAL CIVIL AVIATION AS AN ALTERNATIVE TO THE CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSA)

(Presented by the Russian Federation)

EXECUTIVE SUMMARY

There is no doubt that ICAO's activities related to addressing climate change have clearly always been aimed at reducing CO₂ emissions from international civil aviation. However, the "global aspirational goal of keeping the global net carbon emissions from international aviation from 2020 at the same level" (CNG2020), and resulting from its unrealistic nature, the need to implement the "Carbon Offsetting and Reduction Scheme for International Aviation" (CORSA) even already at the pre-implementation phase will lead to an absolute increase in global CO₂ emissions, and most importantly, to a reduction in the overall level of flight safety at the global level.

The negative impacts of CORSA implementation also include significant risks of distortion to market relations in the air transport field, significant overhead costs – both within the States and the ICAO regular budget framework – that are not directly related to CO₂ emissions reduction activities, and significant risks of leading airlines in developing countries into bankruptcy in the short term.

This working paper provides an overall analysis of the negative impacts associated with CORSA implementation and offers an alternative approach to addressing environmental challenges based on the so-called Clean Development Mechanism (CDM) for International Civil Aviation (ACDM) as a basis for implementing Global Market-based Measures (GMBM), which could fully meet the sustainable development goals of the United Nations (Resolution A/RES/70/1 of the United Nations General Assembly "Transforming our world: the 2030 Agenda for Sustainable Development."

Action: Actions for the Assembly are set out in paragraph 7 of this paper.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objectives D – <i>Economic Development of Air Transport</i> and E – <i>Environmental Protection</i> .
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¹ Russian version provided by Russian Federation

<i>Financial implications:</i>	Reducing ICAO budgetary expenses related to carrying out Global MBM implementation, as well as mobilizing additional funds for the implementation of ICAO environmental programmes and providing targeted technical assistance to developing States.
<i>References:</i>	C-WP/14489 – “Draft Assembly Working Paper – Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-based Measure (MBM) Scheme”; Doc 10022 – “Assembly Resolutions in Force” (as of 4 October 2013) EAG/11-WP/3 “The Clean Development Mechanism for the international civil aviation” HLM-GMBM-WP/9 – “The Paris Agreement on Climate as Basis to Reach Consensus on the Draft Future Global Market-based Measure Scheme”.

1. INTRODUCTION

1.1 Recent trends in the international aviation market indicate a shift in the "gravitational centre" towards developing countries, which over the last decades have seen rapid growth in air traffic volumes carried out by domestic airlines. In some cases, the annual growth rate of traffic volume for those countries reaches 20 per cent, while the average growth rate for the "traditional leaders" of the international aviation market does not exceed three per cent. On the other hand, the rate of return for instance for African airlines is 11 times lower than the rate of return for airlines from the North American continent. It is obvious that even a minor additional financial burden will limit the opportunity for further development for most airlines from developing countries, and consequently, lead to their exclusion from the international air transport market, which in turn, will significantly increase their risk of bankruptcy.

2. EMISSIONS CREDITS

2.1 Implementing Global Market-based Measures (GMBM) based on CORSIA suggests that airlines will be required to purchase emissions credits or allowances on the open "carbon" markets. It is noteworthy that within the ICAO traditional system-wide approach to addressing the development of the global air transport system, the proposed approach related to GMBM implementation suggests that the additional economic burden will be placed only on the airlines.

2.2 In fact, emissions credits are a mechanism for rapid return on investment within already completed environmentally efficient projects implemented in other industrial sectors. Thus, the purchase of such emissions credits by air transport operators, in most cases, will only enhance the profitability of large multinational companies that have performed such projects, and will not make any contribution to reducing CO₂ emissions from the international civil aviation sector.

2.3 According to some estimates, within the first 15 years alone after CORSIA-based GMBM implementation in 2020 and the participation of international civil aviation in financing the "Green Climate Fund" of the United Nations Framework Convention on Climate Change (UNFCCC), the global loss for the industry will amount to about 200 billion USD, which will inevitably have a negative impact on the pace of technological development of the aviation sector, mainly in developing countries. The ICAO Assembly, followed by the ICAO Council, has already

expressed their concern over the use of international civil aviation as one of the potential sources of revenue mobilization to fund the climate-related activities of other sectors, which is reflected in the tenth paragraph of the preamble to the "Consolidated statement of continuing ICAO policies and practices related to environmental protection. – Global Market-based Measure (MBM) Scheme." However, CORSIA-based GMBM implementation actually means that the international aviation sector will be one of the sources for refinancing the environmental projects already carried out in other industrial sectors.

3. CORSIA AS A FACTOR THAT REDUCES THE GLOBAL FLIGHT SAFETY LEVEL AND INCREASES CO₂ EMISSIONS FROM INTERNATIONAL CIVIL AVIATION

3.1 Financial outflows from the aviation industry that increase exponentially over time will significantly reduce the sector's potential for further technological development, including aircraft fleet renewal, the implementation of new procedures based on aircraft performance, and other programmes aimed at improving the level of safety and operational efficiency of the global air transport system as a whole.

3.2 It is obvious that the potential for CO₂ emissions reduction is directly correlated with the technological development of the international civil aviation sector. It is important to note that the global nature of air transport pre-determines the negative impact of the technological gap in some regions of the world as the possibility of implementing technological advances throughout the international air transport system.

3.3 With the increasing global demand for air transport, operators that lack the financial capacity for further technological development will have to extend the operation of older, less fuel-efficient aircraft, which, in turn, will be a factor in the CO₂ emissions increase within the sector, and will also hinder the implementation of new procedures based on aircraft performance. This, in turn, will have a negative impact on the production of new generations of aircraft in connection with the reduction in the total number of orders, which will also affect the timing for the development of new, more efficient, safer-generation aircraft.

3.4 The above considerations suggest that CORSIA will have an extremely negative impact on the potential for real CO₂ emissions reduction from international civil aviation and on the overall level of flight safety in the world. Moreover, the reinvestment of significant funds to projects already carried out in other industrial sectors will not affect the reduction of CO₂ emissions on a global level, but will rather only increase the profitability of multinational companies.

4. FINANCIAL LOSSES FOR THE AIRLINES OF COUNTRIES NOT INCLUDED IN CORSIA IN THE FIRST PHASE OF GMBM IMPLEMENTATION

4.1 The notion that countries not included in CORSIA in the first phase of GMBM implementation will be able to obtain a regular "financial respite" over the next five years (similar to the "de minimis" principle) does not correspond to reality. This is due to the fact that, as of 2017, all countries without exception will be required to begin developing emissions registries for air transport operators at the national or regional level. This will require not only the appropriate changes

to national legislation, but also the deployment of the necessary infrastructure for the functioning of the emissions registries, the training and remuneration of staff involved in this activity. Furthermore, all these overhead costs will have no direct relation to CO₂ emission reduction projects.

4.2 The so-called "route-based approach" proposed in paragraph 8 of the resolving clause of the aforementioned draft Assembly Resolution makes it imperative for all operators, without exception, to purchase emission credits when flights are operated on the routes between States included in CORSIA in the first phase of implementation, regardless of their country of registration. Considering the fact that in the international air transport market today, there are more than 50 thousand routes by city pairs in active use, it is obvious that such a "route-based approach" significantly complicates the emissions monitoring and verification procedures of individual airlines, and accordingly, increases the level of bureaucratic overhead costs. Similarly, airlines in developing countries that cannot pay for the purchase of emission credits will be forced to change their route networks, which will mark the beginning of their being further "pushed out" of the international air transport market.

4.3 It is important to note that the lack of economic incentives for the development of airlines, which for one reason or another, do not incur significant losses in the first implementation phase, will also serve as a factor that slows their technological development, and accordingly, reduces their competitiveness in the international air transport market, which in the future, will inevitably lead to the loss of their share of the market, together with all the ensuing consequences.

5. OVERALL FINDINGS REGARDING CORSIA-BASED GMBM IMPLEMENTATION

5.1 For the aforementioned reasons, the following four perfectly obvious findings can be made regarding CORSIA-based GMBM implementation:

- a) it contradicts the ICAO strategic objective on "Environmental Protection" and the efforts of ICAO Member States aimed at reducing CO₂ emissions from the international civil aviation sector;
- b) it will have an extremely negative impact on the implementation of the main ICAO strategic objective – "Safety" , as well as for the strategic objective "Economic Development of Air Transport";
- c) it will be a tool for using international civil aviation as one of the potential sources for mobilizing revenue to fund climate-related activities of other industrial sectors;
- d) it will lead to serious distortions in market relations resulting from the suppression of fast-growing airlines in developing countries and countries with economies in transition, by promoting unfair competition, which obviously contradicts the spirit and letter of the Convention on International Civil Aviation, as well as the Sustainable Development Goals of the United Nations.

5.2 The above findings cast doubt on the possibility for a global implementation of CORSIA-based GMBM due to the fact that quite a number of ICAO Member States would prefer expressing reservations to certain parts or to all of the proposed Resolution. Due to the absence of any type of "enforcement mechanism" in the Chicago Convention's provisions, this scenario seems highly likely and highly undesirable. The lack of agreement among Member States on such an important

issue will inevitably lead to tensions in economic relations among States in the air transport market. Furthermore, individual States or their regional alliances will attempt to protect the interests of domestic air transport operators through the implementation of various "environmental taxation" schemes related to international civil aviation, as already observed through the European Emissions Trading System (EU ETS).

6. THE CLEAN DEVELOPMENT MECHANISM FOR INTERNATIONAL CIVIL AVIATION AS A REASONABLE ALTERNATIVE TO CORSIA-BASED GMBM IMPLEMENTATION

6.1 It is obvious that overcoming global challenges such as climate change is only possible through the consolidated efforts of the entire international community. International civil aviation is also required to contribute to reducing CO₂ emissions on a global level and to address other environmental challenges.

6.2 During the 11th Meeting of the ICAO Council's Environment Advisory Group (EAG) (26 to 27 May 2015), working paper EAG/11-WP/3 was presented on behalf of the Delegations of India, China and Russia, which conceptually outlined the principles of the "Clean Development Mechanism for International Civil Aviation" (ACDM), considered as a reasonable alternative to CORSIA-based GMBM implementation.

6.3 The intent of the proposal was to establish a mechanism for mobilizing the resources available to international civil aviation in order to fund environmentally efficient aviation projects in developing States. As a source of funding, the establishment of an environmental fee from States was proposed in an amount calculated as a flat charge rate per tonne of aviation fuel used for international flights. The responsibility for establishing the charge rate's amount would fall upon the ICAO Assembly. It is important to note that, as in the Paris Agreement, ACDM provides for the principle of voluntary participation of States on the understanding that the provision of assistance to developing countries is a condition for their participation in the ACDM programme as is the availability of their national emissions reduction plan.

6.4 Claims that the aforementioned environmental fee would be another form of taxation on civil aviation are absolutely incorrect. Unlike taxes, such a fee can be deposited into a special account within a financial institution, selected by the State, for its subsequent annual transfer to an ICAO international environment fund (IEF).

6.5 It is important to note that unlike the CORSIA-based GMBM, ACDM establishes a direct correlation between the amount of the environmental fees introduced by States and real actions aimed at reducing CO₂ emissions in the sector. In terms of emissions trading, such a direct relationship between the cost of "emission units" and the result of reducing CO₂ emissions is absent by definition.

6.6 ACDM implementation will not require the establishment of any costly bureaucratic superstructures. The only action for the ICAO Assembly is to call upon Member States

to provide ICAO on a regular basis standard statistical data, including the statistical Form M “*Fuel Consumption and Traffic - International and Total Services, Commercial Air Carriers*”²”

6.7 In order to control the integrity of the data provided, similar statistical data generated by ICAO’s main partners, the International Air Transport Association (IATA) and the Airports Council International (ACI) can be used. For these reasons, it can be concluded that ACDM meets the requirements for ease of administration and cost effectiveness. Moreover, overhead costs for ACDM operation will be close to zero.

6.8 Under the proposed GMBM scheme, provision is made for a "safeguard clause," which makes it possible to review GMBM’s operational criteria in the event that unfavourable changes occur to the "offer - price" ratio in the carbon markets causing an excessive financial burden on the industry. Should this occur, the weakest developing countries would be among the first affected. It is also clear that the withdrawal from or review to the GMBM scheme for the industry will be accompanied by another very painful and devastating surge of distortion to market relations.

6.9 Unlike GMBM, ACDM is characterized by complete predictability and transparency. However, it cannot affect in any way the existing balance in economic relations within the global air transport market. Full consideration is also given to the following principles of non-discrimination: the “common but differentiated responsibilities” (CBDR) and the “special circumstances and respective capabilities of developing countries” (SCRDC).

6.10 It is expected that the environmental fee, included in the price of aviation fuel within each international airport of States participating in ACDM, will be equal for all operators, regardless of the nation to which they belong. The voluntary participation principle, combined with the assistance of the aviation community to developing countries that have expressed their political will by providing to ICAO their national emission reduction plans, is fully in line with the CBDR principle. At the same time, improvements in the infrastructure of these countries will obviously have a positive impact on the global flight safety level, which will also contribute to the sustainable development of civil aviation in all ICAO Member States without exception.

6.11 The amount of the environmental fee is expected to be approved by the ICAO Assembly on a triennium basis, taking into account the projected scope of funding required for environmental projects in aviation, approved by the ICAO Council and adopted by the ICAO Assembly. For instance, if in 2020, the price for one tonne of aviation fuel included an environmental fee of one USD, the ICAO environmental programme budget size would amount to approximately \$300 million USD, increasing by almost three times the size of the annual budget of the ICAO regular programme. The ICAO Technical Cooperation Bureau would implement the environmental projects within the States through the ICAO Technical Assistance Programme, giving a real meaning to the ICAO slogan, "No country left behind" (NCLB) in full compliance with the Sustainable Development Goals of the United Nations.

6.12 ACDM also takes full account of the efforts of airlines that have already invested in improving the fuel efficiency of their aircraft fleet, as well as other earlier actions by airlines (prior to ACDM introduction), including those of their aviation administrations aimed at reducing CO₂ emissions. On the other hand, the principle of a year-2020 baseline emission level laid down in the proposed CORSIA-based GMBM project will encourage airlines to fully maximize their emissions

² <http://www.icao.int/sustainability/pages/eap-sta-excel.aspx>

up to 2020 in order to relieve the GMBM tax burden for some time after that date. It is important to note that the proposed two-phased approach to GMBM implementation excludes in itself the possibility of achieving the global aspirational goal of "carbon neutrality" after 2020 (CNG2020), since, as suggested, *"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"* (paragraph 12 of the resolving clause of the draft Assembly Resolution, Appendix, A39-WP/xx).

6.13 The idea of establishing international funds under the auspices of ICAO is not new. In 1998, the 32nd Session of the ICAO Assembly addressed the matter of establishing an "ICAO International Monetary Fund" for the purposes of funding the implementation of CNS/ATM components and other safety-related projects at the global level. However, unlike GMBM, the need for implementing that initiative then was not dictated by the global challenges affecting the security and sustainable development of all countries, without exception.

7. CONCLUSION

7.1 The Assembly is invited to consider the appended alternative Draft Assembly Resolution, "Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-based Measure (MBM) scheme" which provides for GMBM implementation based on the "Clean Development Mechanism for International Civil Aviation".

APPENDIX

Resolution A39-XX: Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-based Measure (MBM) scheme

I 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}***

II 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)}***

III 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)}***

IV Recognizing that ICAO is the appropriate forum to address emissions from international aviation, and 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}***

V 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)}***

VI 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}***

VII 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}***

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

IX 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}***

X Reaffirming the concern with the use of international civil aviation as a potential source for the mobilization of revenue for climate finance to the other sectors, and that MBMs should ensure the fair treatment of the international aviation sector in relation to other sectors; ***{Based on text from A38-18, paragraph 30, and guiding principle h)}***

XI Recalling the UNFCCC and the Paris Agreement and *acknowledging* its principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances; ***{Updated to reflect Paris Agreement}***

XII 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}***

XIII Welcoming the adoption of the Paris Agreement under the UNFCCC and *recognizing* that the work related to a global MBM scheme for international aviation and its implementation will contribute to the achievement of the goals set out in the Paris Agreement; ***{Recognition of the Paris Agreement}***

XIV Whereas the UNFCCC provides for market-based mechanisms and other programmes, such as the Clean Development Mechanism (CDM), and a new market mechanism under the Paris Agreement, to contribute to the mitigation of GHG emission to support sustainable development, which benefit developing States in particular; ***{New text reflecting Paris Agreement}***

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

The Assembly:

1. *Resolves* that this Resolution, together with Resolution A39-YY: *Consolidated statement of continuing ICAO policies and practices related to environmental protection - General provisions, noise and local air quality* and Resolution A39-ZZ: *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Climate change*, supersede Resolutions A38-17 and A38-18 and constitute the consolidated statement of continuing ICAO policies and practices related to environmental protection;

1.bis *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, in time 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}***

3. *Resolves*, that in the absence of any scientific foundation, to exclude from further consideration the CNG 2020 global aspirational goal as inconsistent with the sector's real possibilities, and to focus efforts on reaching the ambitious global aspirational goal of a two per cent annual increase in fuel efficiency, without excluding the possibility of a more ambitious increase of this rate based on new technological developments in the field of aviation in the foreseeable future;

4. *Emphasizes* the role of a GMBM scheme to complement a broader package of measures to achieve the global aspirational goal, without imposing an inappropriate economic burden on international aviation; ***{Complementary role of GMBM to achieve CNG 2020}***

4.bis *Determines* that in the spirit of the Paris Agreement on the Climate, the Clean Development Mechanism for International Civil Aviation (ACDM) is to be the only market-based measure applying to CO₂ emissions from international aviation; ***{No duplicative application of MBMs beyond ACDM}***

5. *Requests* the Council of ICAO to develop as soon as possible a Global Market-based Measure (GMBM) scheme as a Clean Development Mechanism for International Civil Aviation (ACDM) in order to achieve the best possible results in reducing CO₂ emissions from international civil aviation through economic incentives for implementing energy-saving technologies and the provision of targeted assistance in the implementation of environmentally efficient projects to developing States that voluntarily decide to participate in ACDM-based GMBM; ***{ACDM is a system for mobilizing sector funds for the implementation of environmentally efficient projects in the field of civil aviation, with a steady increase in the level of global flight safety.}***

6. *Requests* the Council of ICAO to develop as soon as possible a position on the ICAO International Environment Fund (IEF) in order to accumulate environmental fees from States participating in ACDM on a voluntary basis, and the appropriate guidance material to ensure that those States develop and implement the appropriate provisions into national laws, providing for the procedure to establish the environmental fees and for their transfer to the ICAO IEF;

7. *Resolves* to hold in 2018 a high-level meeting on environmental protection to assess the preparedness of ICAO and Member States to implement ACDM-based GMBM in 2020;

8. *Urges* Member States to make every effort to fulfil their obligations under the Convention and Assembly Resolutions, to support the Organization's work in the air transport field, and in particular, to present as expeditiously as possible the most comprehensive statistical and other data, including information on Fuel Consumption and Traffic – International and Total Services, Commercial Air Carriers (reporting form M³), required by the Organization for its work in the air transport field;

9. *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, which are the basis for the provision of targeted technical assistance within the ACDM framework, and to monitor and report the progress on the implementation of action plans, and that a methodology be developed under the

³ <http://www.icao.int/sustainability/pages/eap-sta-excel.aspx>

scheme to assess the reduction of emissions by an operator in a given year through the use of all the available elements from the basket of measures, including sustainable alternative fuels; ***{Further progress on non-MBM measures}***

10. *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, among other things, while prioritizing the provision of technical assistance to them within the ACDM framework; ***{Recognition of special circumstances of States}*** – **Support Differentiation**

11. *Calls upon* all States to take a decision as soon as possible on joining the ACDM and to officially inform the Council of ICAO of their intention;

12. *Notes* the work of the Council, with the technical contribution of CAEP, on the monitoring, reporting and verification (MRV) system and *requests* the Council, with the technical contribution of CAEP, to develop as soon as possible an emissions tracking system based on the statistical data provided by States on a regular basis and to ensure its verification based on statistical data generated by IATA and ACI so as to enable the full implementation of ACDM from 2020; ***{MRV}***

13. *Decides* that a periodic review of the effectiveness of ACDM implementation is carried out in order to assess the actual reduction in CO₂ emissions resulting from the implementation of projects within the ACDM framework in order to contribute to the sustainable development of the international aviation sector and the effectiveness of the scheme, for consideration by the Assembly. This will involve, *inter alia*:

a) assessment of progress towards achieving the ICAO's global aspirational goal; the scheme's market and cost impact on States and aircraft operators and on international aviation; and the functioning of the scheme's design elements;

b) consideration of the scheme's improvements that would support the purpose of the Paris Agreement; and update the scheme's design elements to improve implementation, and increase effectiveness, taking into account the consequential impact of changing the scheme's design elements, e.g., to MRV requirements; and

Regarding the establishment of CO₂ emissions registries:

c) development by CAEP of policies and related guidance material to ensure the establishment of and support to the registries under the scheme, for their adoption by 2018; ***{Registry guidance development}***

d) establishment by Council of a consolidated Central Registry under the auspices of ICAO, for operationalization no later than 1 January 2019; ***{Central registry establishment}***

e) development by Member States of necessary arrangements for the establishment of their own registries or group registries established by groups of States in accordance with the ICAO guidance material; ***{Registry establishment within States}***

Regarding the governance of ACDM:

f) oversight by the Council of the functioning of ACDM, with support provided by the standing technical advisory body and CAEP as needed; ***{Governance}***

Regarding the regulatory framework,

g) Member States taking the necessary action to ensure that the appropriate national policies and regulatory framework be established for the compliance and enforcement of the scheme by 2020.

{Regulatory framework}

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

Regarding the implementation of the MRV system,

h) the Council to take necessary action to expand the provision of capacity building and assistance for the preparation and implementation of 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 the organization of seminars and training in all regions from 2017, and facilitation of financial support where needed; ***{Capacity building on MRV}***

i) Member States to build partnerships among themselves to cooperate on the implementation of the MRV system; ***{Partnerships on MRV}***

Regarding the establishment of Registries,

j) 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 the establishment of registries by States, including the organization of seminars and training in all regions from 2017, and facilitation of financial support where needed; ***{Capacity building on Registry }***

k) 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}***

15. *Recommends* Member States to develop local environmentally efficient projects in the field of aviation and to direct them to ICAO for assessment to ensure their inclusion in the ACDM programme;

16. *Requests* the ICAO Council to identify projects within the States funded under ACDM, with a view to implementing them by 2030, and to prepare proposals for prioritizing their approval during the 40th Session of the ICAO Assembly in 2019;

17. *Requests* the Council to explore the further development of aviation-related methodologies for use in CO₂ reduction programmes, including mechanisms or other programmes under the UNFCCC, and *encourages* Member States to use such methodologies in taking actions to reduce aviation CO₂ emissions, without double-counting. ***{Further actions on aviation-related methodologies}***