UN AVIATION BODY ACCEPTS NATURE-BASED CREDITS IN GLOBAL CARBON MARKET: Summary of March 2020 ICAO Council Decision on Eligible Offset Programs

Emissions from international aviation are governed by the United Nations International Civil Aviation Organization (ICAO). Under ICAO, countries have agreed to cap emissions from global aviation at 2020 levels, requiring airlines to use more efficient aircraft, better operational practices and alternative jet fuels. However, even with these improvements, a large emissions gap will remain before the sector can reach its goal of delivering “carbon neutral growth from 2020.”

To fill the global aviation sector’s emissions gap, ICAO created a carbon market where airlines can buy carbon credits from approved “greenhouse gas programs.” This market is officially known as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

In March 2020, ICAO approved its first set of greenhouse gas programs that are now deemed eligible for airlines to purchase in meeting their climate goals, several of which include nature-based solutions. This means that the international civil aviation industry has created the first global market to accept nature-based credits. When it comes to REDD+ credits specifically, ICAO also agreed on a pathway for their inclusion later this year. There are a few follow up steps for REDD+ credits to be fully eligible and ready for purchase by airlines (including a follow up decision expected in Fall).

Eligible Greenhouse Gas Programs (as of March 2020)

Starting in January 2021, airlines from countries1 that signed up for the voluntary phase of CORSIA (2021-2023) are required to reduce emissions from international flights that exceed their 2020 emission levels.2 With each subsequent three-year phase of CORSIA, additional countries (and their airlines) will be required to participate as they meet the minimum threshold for international emissions.

Airlines can use credits from one of the six greenhouse gas programs approved as immediately eligible under CORSIA:

- American Carbon Registry
- China GHG Voluntary Emission Reduction Program
- Clean Development Mechanism
- Climate Action Reserve
- The Gold Standard
- Verified Carbon Standard Program3

The World Bank’s Forest Carbon Partnership Facility (FCPF), Verified Carbon Standard’s Jurisdictional and Nested REDD+ (JNR) methodology, and the Global Carbon Council are not immediately eligible, but will be approved once they fulfil specific conditions outlined by ICAO. No credits from standalone REDD+ projects will be eligible. All projects must be nested under a national or subnational REDD+ program and verified against one of the to-be-approved offset standards.

Additionally, ICAO has set limits on the vintage of eligible credits across all offset types. Only projects that started to issue credits after 2016 will be eligible. Additionally, for the time being, only units generated between 2016 through 2020 will be accepted. Each greenhouse gas program can “unlock” post-2020 vintages if they demonstrate additional requirements to prevent double counting of emission reductions with countries’ national commitments under the Paris Agreement.

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1 List of countries participating in voluntary phase: https://www.icao.int/environmental-protection/CORSIA/Pages/state-pairs.aspx
2 The baseline is actually an average of airlines’ 2019 and 2020 international aviation emissions.
3 Verified Carbon Standard’s Jurisdictional and Nested REDD+ (JNR) methodology must fulfill specific conditions before these units are deemed eligible under CORSIA subject to ICAO Council approval.