THE CASE FOR INCLUDING REDD+ IN CORSIA:
Unlocking the mitigation potential of terrestrial carbon sinks

On 6 October, 2016, the International Civil Aviation Organization (ICAO) Assembly established a Global Market-based Measure (GMBM) that will help the aviation sector meet its commitment to carbon-neutral growth starting in 2021. This landmark agreement represents a tremendous first step towards addressing carbon emissions from the aviation sector. The GMBM is being implemented as the ***Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)****, which allows airlines to offset some of their emissions with the purchase of carbon credits.*

This brief outlines the rationale for accepting credits from REDD+ projects during a transitional early-action phase in the International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to enable and provide time for the successful development and implementation of jurisdictional/national approaches.

REDD in the GMBM

It seems likely that the CORSIA will accept REDD+ credits, which is good news for forests. However, it is unclear in what way or at what scale REDD+ will be included. National-scale implementation could mean a large supply of REDD+ credits and would fulfil the goals of 10 years of climate change (UNFCCC) negotiations. Unfortunately, there are very few countries currently implementing REDD+ programs and generating emission reductions at the national scale. Capacity for doing so is still being built and many countries may not be ready by 2021. In fact, a number of countries are more likely to lose their high-carbon forests in that timeframe due to limited capacity and funding.

While nations build their capacities, subnational initiatives - from projects to larger jurisdictional programmes - are providing much of the technical and human capacity needed to build national REDD+ programs. Yet there is a possibility that project-level REDD+ will be excluded from CORSIA.

In order to ensure that REDD+ is smoothly integrated into the ICAO CORSIA, with broad uptake of REDD+ credits from a range of countries, it is critical to allow REDD+ projects to be eligible for early action as the first step in a transitional pathway to jurisdictional/ national REDD+. This would send a strong signal to the private sector and forest country governments, enable timely implementation of jurisdictional and national REDD+ systems critical for delivering the 2°C climate target and a safe emissions pathway, and support the successful implementation of the ICAO CORSIA.

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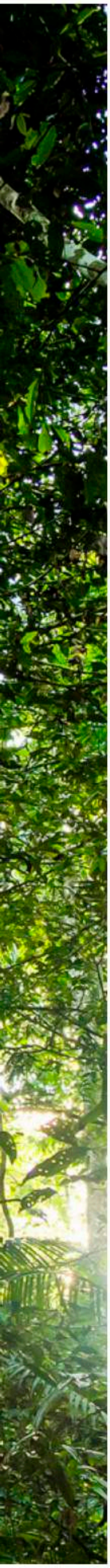


The Case for Including Project-Level REDD+

As early supporters of REDD+ projects, many airlines are familiar with the track record of high-quality REDD+ activities developed over the past decade. Several airlines are already investing in REDD+ activities at project scale.

INCLUDING credits from REDD+ projects in the ICAO CORSIA would:

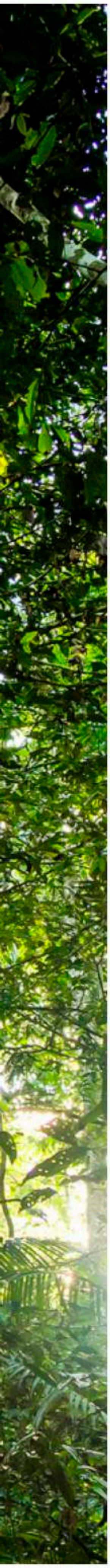
1. ENSURE ENVIRONMENTAL INTEGRITY: REDD+ project credits have a proven track record of environmental integrity. For example, REDD+ projects have demonstrated robust approaches to managing non-permanence and leakage risks, leveraging credible 3rd party GHG programs and standards (infrastructure that is still lacking at the jurisdictional scale). Requirements for managing leakage from REDD+ projects far exceed what has been considered for other project types. In addition, REDD+ projects provide a host of environmental and social benefits directly to local communities, which are verified through additional standards like the Climate, Community and Biodiversity (CCB) standard.

2. PUT ICAO IN A LEADERSHIP ROLE: ICAO has an opportunity to make a lasting impact on climate change mitigation by enabling immediate investment in forest conservation and management via REDD+ projects, and also encouraging individual project activities to nest within jurisdictional and national programs as soon as it is possible.

3. PROVIDE IMMEDIATE MARKET LIQUIDITY AND COST CERTAINTY TO AIRLINES: WIth access to a known supply of affordable (and transparently priced) REDD+ credits from projects, airlines will be able to effectively plan for the regulations. This will be especially valuable during the early years of compliance, which otherwise could be very challenging for business planning given the uncertainties around jurisdictional REDD+ supply and credit costs. Even when jurisdictional supply materializes, it will be helpful to have a least a few years of overlapping crediting under CORSIA from both projects and jurisdictions to provide airlines with a diversified and cost contained means to become compliant with the regulations.

4. STRENGTHEN THE DEVELOPMENT OF NATIONAL PROGRAMS: As many projects have been developed in partnership with host governments as a low risk, low cost way for countries to pilot REDD+ as an early mitigation activity including these projects would send a positive message to those governments and communities to continue speedy implementation of national programmes. In addition, the successful development of national REDD+ programs will be strengthened by leveraging the expertise and capacity built by projects on the ground, including the significant amount of work that has gone into working with communities living in and around forests. By setting out the long-term objective of developing national-level programs, project developers will be incentivized to work with their respective governments to achieve the scale needed in respect of forest conservation and management.

[1]REDD+ projects can achieve certification under both the VCS Program and the Climate, Community & Biodiversity (CCB) Standards, which ensure they meet the most rigorous safeguards and development standards, including for instance building on community outreach and following FPIC processes.



On the other hand, EXCLUDING credits from REDD+ projects would:

1. RESULT IN LOWER GEOGRAPHICAL DIVERSIFICATION: Allowing only national REDD+ credits would concentrate REDD+ supply from a handful of large forest countries and exclude LDCs, particularly in Africa and Asia where capacity is often lacking. Conversely, REDD+ projects are well diversified geographically across low income countries and regions.

2. UNDERMINE CONTINUED INVESTMENT FROM THE PRIVATE SECTOR AND PREVENT EFFECTIVE NESTING OF PROJECT ACTIVITIES: Despite growth in funds for REDD+ implementation overall, private investment has plateaued as the focus on donor-funded capacity-building initiatives at the national level has increased . While national systems are ultimately key for the success of REDD+, a nested architecture with project level REDD+ fully embedded within national strategies would provide a concrete pathway for continued private investment. Without a transitional period for projects, a clear pathway for continued private investment may be undermined, also comprising efforts to ensure effective and credible nesting pathways are in place to integrate projects into national and subnational programs.

3. PUT REDD+ AT A DISADVANTAGE: Given the uncertainty with jurisdictional REDD+ credits (in terms of cost, timing and inexperience with government counterparties), if REDD+ only operates at the jurisdictional scale it may be put at a competitive disadvantage compared to other offset types as airlines may prefer transacting with other private entities.

4. ULTIMATELY PUT AT RISK THE 2°C CLIMATE TARGET: A failure to recognize the work of existing projects could undermine the long-term objective of developing robust and workable jurisdictional REDD+ programs that embrace private sector participation and investment, while engaging and benefiting local communities, which is crucial for scaling up REDD+ which is critical for achieving the 2 °C climate target.

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[2] http://www.forest-trends.org/documents/files/doc_5020.pdf

[3] As the WEF estimates that the financing gap for forestry alone at US $40 billion per year, facilitating private sector engagement, which historically prefers to invest in private projects, will be crucial.