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**AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION
UNDER THE CONVENTION**

Seventh session

Bangkok, 28 September to 9 October 2009, and Barcelona, 2–6 November 2009

Item 3 (a–e) of the provisional agenda

Enabling the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012, by addressing, inter alia:

A shared vision for long-term cooperative action

Enhanced national/international action on mitigation of climate change

Enhanced action on adaptation

Enhanced action on technology development and transfer to support action on mitigation and adaptation

Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation

Reordering and consolidation of text in the revised negotiating text

Note by the secretariat

Addendum

Summary

This document includes additional information background material prepared by facilitators to further advance on revising the text during the first part of the seventh session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention, to be held in Bangkok, Thailand, from 28 September to 9 October 2009.

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I. Cooperative sectoral approaches and sector specific actions

A. Questions for consideration to guide further work¹

Nature of sectors, that is only those whose emissions cannot be attributed to a particular economy, which can be attributed or both?

Level of guidance to sectors whose emissions can be attributed?

Level of guidance to sectors whose emissions cannot be attributed to a particular economy?

Determination on how to integrate their work as part of the climate change regime? (declaration, coordination mechanism, work programme, any other mechanism).

B. Overview of current options for consideration on international bunker fuels

Table 1

Options (paragraph)	Format	Scope	Who will take action?	GHG emissions reduction goal	Means of implementation	Work under IMO/ICAO	Work under the UNFCCC
Option 1. Para. 136	CAO agreement	Shipping	Not indicated	Total GHG reductions at least as ambitious as total GHG reductions under the Convention	Policies and measures and mechanisms	IMO continue work on developing PAMs to reduce emissions IMO to establish an ambitious goal for total GHG reduction	Receive reports regularly Assess at COP 17 - policies and established measures - measures under development - expected emissions reductions
Alternative Para. 136	COP decision						Request the secretariat to continue to co-operating with the secretariat of IMO

¹ These questions were posed by the facilitator during the second meeting of the informal sub-group (held in the frame of the informal meeting of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention held on 13 August 2009), in order to help Parties in guiding further work of the sub-group. At that meeting, some Parties requested these questions in written form.

Table 1 (continued)

Options (paragraph)	Format	Scope	Who will take action?	GHG emissions reduction goal	Means of implementation	Work under IMO/ICAO	Work under UNFCCC
Option 2. Para. 137	CAO agreement	Shipping & aviation	All Parties	Shall be set as equal to X% and Y% below year XXXX levels in commitment period 20XX to 20XX	Offsets – using units from existing and new mechanism	Parties shall work through IMO and ICAO to enable effective international agreements to achieve these targets by 2011 Such agreements should not lead to competitive distortion or carbon leakage	Assess progress and take action
Option 3. Para. 138	CAO agreement	Shipping & aviation	AI / All Parties			Working through IMO and ICAO	
Option 4. Para. 138.1	CAO agreement	Shipping & aviation	All Parties	Collective reduction of X% below year XXXX levels from international aviation bunker fuels and Y% below XXXX levels from international maritime bunker fuels in the commitment period 20XX to 20XX			Commence negotiation of two global sectoral agreements to address respectively, international aviation and maritime emissions in 2010, with a view to concluding by 2011, taking into account work already done in IMO and ICAO

**C. Identification of some possibilities for consolidation of text based on the non-paper prepared by the facilitator
(paragraphs 129–133 of document FCCC/AWGLCA/2009/INF.1)²**

Table 2

Paragraph	<i>What cooperative sectoral approaches and sector-specific actions (CSA) should do:</i>
1	<p><u>Original paragraph (as in non-paper):</u> Cooperative sectoral approaches and sector-specific actions shall be focused on the enhanced implementation of Article 4.1 (c) of the Convention, on:</p> <p><u>Possible consolidated text:</u> Cooperative sectoral approaches and sector-specific actions [shall][should][enhance the][be focused on the enhanced] implementation of Article 4.1 (c) of the Convention, on:</p> <p><u>Reason(s):</u> Combine similar text from the chapeau of paragraphs 1 and 3.</p>
1 (a)	<p><u>Original paragraphs (as in non-paper):</u> [Cooperative sectoral approaches and sector-specific actions {shall}{should} enhance the implementation of Article 4.1(c) of the Convention. To this end, these approaches and actions {should}]:</p> <p>a. The development, application and diffusion, including transfer, of technologies, practices and process that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including but not limited to, the energy, transport, industry, agriculture, forestry, health, tourism and waste management sectors;</p> <p>3(b) Be applicable to all sectors;</p> <p><u>Possible consolidated text:</u> The development, application and diffusion, including transfer, of technologies, practices and process that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol be applicable to all relevant sectors, including but not limited to, the energy, transport, industry, agriculture, forestry, health, tourism and waste management sectors;</p> <p><u>Reason(s):</u> Conceptually the difference is whether application of article 4.1 (c) be restricted to all relevant sectors, those mentioned in the article 4.1(c) or all sectors. “Be applicable to all relevant sectors” should cover the sectors mentioned.</p>

² Some of these possibilities were presented by the facilitator during the second meeting of the sub-group on cooperative sectoral approaches at the informal meeting held in Bonn, Germany, August 2009.

Table 2 (continued)

Paragraph	<i>What they should do for all Parties:</i>
1 (b)	<p><u>Original paragraphs (as in non-paper):</u></p> <p>[Cooperative sectoral approaches and sector-specific actions {shall}{should} enhance the implementation of Article 4.1(c) of the Convention. To this end, these approaches and actions {should}]:</p> <p>(d) [[Strengthen][Be aimed at strengthening] cooperative actions within any phase of the technological cycle and facilitate the management of technical and financial resources for the implementation of NAMAs;]</p> <p><u>Possible consolidated text:</u></p> <p>The provision of information on available technologies, and strengthening conditions of access to and financing transfer of these technologies, including the development of effective modalities for the implementation of all stages of the technology cycle, from development, application, transfer and diffusion for the implementation of NAMAs;</p> <p><u>Reason(s):</u></p> <p>1(b) and 3(d) are conceptually addressing the same issue with a difference in emphasis.</p>
4	<p><u>Original paragraph (as in non-paper):</u></p> <ul style="list-style-type: none"> (a) [The implementation of cooperative sectoral approaches and sector-specific actions should [complement and support national commitments of all Parties under Article 4.1;] (b) [Cooperative sectoral approaches and sector-specific actions should be implemented as analytical tools to inform national mitigation efforts, taking into account the capabilities of each sector;] (c) [Be used in the definition and implementation of mitigation actions in developed and developing countries;] (d) [Bottom-up sectoral analysis may be used as a tool for analysing mitigation potential, based on recent scientific findings and existing knowledge, using a common methodology to determine sectoral baselines of Parties;] (e) [Contribute to the enhancement of Parties' [measurable, reportable and verifiable] actions in order to ensure environmental integrity;] (f) [[Assist in fostering][Foster private- and public-sector][national initiatives in R&D, capacity-building and [technological] [technology] cooperation;] (g) [Cooperative sectoral approaches and sector-specific actions may also be used as instruments for both market and non-market mechanisms.]

Table 2 (continued)

Paragraph	<i>What they should do for developing country Parties:</i>
4	<p><u>Possible consolidated text:</u></p> <p>(a) [The implementation of cooperative sectoral approaches and sector-specific actions should be of voluntary nature/should not be imposed by one party on the other and [complement and support national commitments of all Parties under Article 4.1;]]</p> <p>Reason(s): there are two possible ways of addressing 8(c) here. Either we specify the voluntary nature and delete paragraph 8 (c) – Sectoral approaches and sector-specific actions should be cooperative and not imposed by one Party or some Parties on other Parties or we use the language from 8(c) as suggested above.</p> <p>(b) [Be used in the definition, analysis and implementation of mitigation actions in developed and developing countries and may also be used as instruments for both market and non-market instruments;]</p> <p>Reason(s): combine elements on the use of CSA from subparagraph 4 (c) and 4 (g).</p> <p>(c) [Bottom-up sectoral analysis may be used as a tool for analysing mitigation potential and informing national mitigation efforts, based on recent scientific findings and existing knowledge, taking into account the capabilities of each sector and using a common methodology to determine sectoral baselines of Parties;]</p> <p>Reason(s): combine elements on the role of CSA as analytical tool from subparagraph 4 (d), 4 (b).</p>
6	<p><u>Original paragraph (as in non-paper):</u></p> <p>(a) [[Assist in achieving [the levels of] financing and technology transfer] [necessary to address climate change] in a measurable, reportable and verifiable manner;]</p> <p>[Facilitate as appropriate in obtaining finance, technology and know-how to address climate change in a measurable, reportable and verifiable manner;]</p> <p>(b) [Facilitate the identification of best practices and best available technologies for each sector through cross-border analysis and promote the transfer of those best practices and best available technologies [from developed country Parties through analysing reduction potentials and setting indicators];]</p> <p>[Facilitate the identification of best practices and best available technologies and promote the exchange of information;]</p> <p>(c) For developing country Parties, domestic sectoral efforts may be one option in the toolbox for national mitigation actions.</p>

Table 2 (continued)

Paragraph	<i>What they should do for developing country Parties:</i>
6	<p><u>Possible consolidated text:</u></p> <p>(a) [[Facilitate][Assist][as appropriate] in [achieving][obtaining] [the levels of] financing and technology [transfer]][and know-how] [[necessary] to address climate change] in a measurable, reportable and verifiable manner;]</p> <p>Reason(s): Similar concept. Combine in one paragraph that uses alternate wording.</p> <p>(b) [Facilitate the identification of best practices and best available technologies [for each sector through cross-border analysis] and promote [the exchange of information,][the transfer of those best practices and best available technologies [from developed country Parties through analysing reduction potentials and setting indicators]];</p> <p>Reason(s): Similar concept. Include exchange of information in 6 (b).</p>
7	<p><u>Original paragraph (as in non-paper):</u></p> <p>[Cooperative sectoral or sector-specific actions by developing countries to control their GHG emissions represent modalities of their implementation of Article 4.1 of the Convention. Annex II Parties must therefore meet their commitments for the provision of support for these actions to developing countries in accordance with Article 4.3, 4.5 and 4.7 of the Convention.]</p>
Alternative to paragraph 7	<p>[Actions by developing countries to control their GHG emissions in the framework of cooperative sectoral approaches or sector-specific actions represent modalities of their implementation of Article 4.1 of the Convention. Annex II Parties must therefore meet their commitments for the provision of financial support in accordance with Article 4.3 and for the transfer of environmentally sound technology and know-how in accordance with Article 4.5 Convention. Article 4.7 on the balance between the provision of support by developed country Parties and implementation by developing country Parties also applies to such cooperative sectoral approaches or sector-specific actions.]</p> <p><u>Possible consolidated text:</u></p> <p>[Actions by developing countries to control their GHG emissions in the framework of cooperative sectoral approaches or sector-specific actions represent modalities of their implementation of Article 4.1 of the Convention. Annex II Parties must therefore meet their commitments for the provision of support for these actions to developing countries in accordance with Article 4.3, 4.5 and 4.7 of the Convention.]</p> <p><u>Reason(s):</u></p> <p>Paragraphs 7 and its alternate are nearly similar. Use the alternate and reduce the text by deleting the explanation of the Articles 4.5 and 4.7 of the Convention.</p>

II. Explanation of the illustrative table containing proposed approaches

1. The table contained in the annex illustrates the commonalities and differences between four proposals for market-based mechanisms that have been made under the Ad Hoc Working Group for Long-Term Cooperative Action under the Convention:³

- (a) A crediting mechanism for nationally appropriate mitigation actions (NAMAs), hereinafter referred to as NAMA crediting;
- (b) Sectoral crediting;
- (c) A crediting and trading mechanism for NAMAs, consisting of separate crediting and trading tracks, hereinafter referred to as NAMA crediting and trading;
- (d) Sectoral trading.

2. These proposals address, in the context of paragraph 1(b)(v) of the Bali Action Plan (decision 1/CP.13), potential ways to enhance the cost-effectiveness of, and to promote, mitigation actions. In particular, they address the partnership between developed and developing countries under which the former undertake mitigation actions and provide technology, financing and capacity-building support and the latter undertake NAMAs in the context of sustainable development.

3. The proposals contain three means of undertaking crediting activities (NAMA crediting, sectoral crediting, and the crediting track under NAMA crediting and trading). Each of these means has three basic elements:

- (a) Prior to the start of a period, a reference level for emissions by sources, or removals by sinks, within a given boundary is established. The proposals vary in a number of characteristics, such as how reference levels are expressed, their relationship to business-as-usual emissions or removals, the level of aggregation applied, the types of mitigation action that are covered and the governance structure under which reference levels are registered;
- (b) During the period, the emissions or removals within the given boundary are monitored, reported and verified, under the supervision of the governance structure and in accordance with detailed modalities which would need to be developed and agreed;
- (c) During or shortly after the period, credits are issued on the basis of the difference between the reference level and the actual emissions or removals that have occurred. Measures would be required to avoid the double-counting of either emissions or the support provided. Parties would need to decide whether such credits may be used by developed countries to contribute to meeting emission commitments.

4. The proposals also contain two means for developing countries to engage in emissions trading (sectoral trading and the trading track under NAMA crediting and trading). As with the means of crediting, each of the means for trading has several basic elements:

- (a) Prior to the start of a period, a reference level for emissions by sources, or removals by sinks, within a given boundary is established. This reference level represents a target for emissions or removals within the boundary. The establishment of this reference level for

³ Section III.E of the revised negotiating text contained in document FCCC/AWGLCA/2009/INF.1.

trading may vary along the same lines as for the means of crediting, including in terms of how reference levels are expressed, the relationship to business-as-usual emissions or removals, the level of aggregation applied, the types of mitigation action that are covered and the governance structure under which reference levels are registered;

- (b) Prior to the commencement of trading for the period, units are issued in a quantity equal to the volume of emissions prescribed by the established reference levels. These units are then available for trading;
- (c) During the period, the emissions or removals within the given boundary are monitored, reported and verified, in accordance with detailed modalities which would need to be developed and agreed. At the same time, the trading of units is tracked;
- (d) During or shortly after the period, units must be retired in a quantity equal to the verified emissions within the boundary during the period. This retirement would fulfil the obligation set by the trading system. Again, measures would be required to avoid the double-counting of either emissions or the support provided.

5. Columns 2, 3 and 4(a) of the table in the annex provide further detail on the commonalities and differences across the crediting approaches. Columns 4(b) and 5 provide further detail on the commonalities and differences across the trading approaches.

6. A number of expectations concerning market-based mechanisms appear to motivate Parties' proposals and the discussions that have taken place thus far in relation to them. Key among these expectations appear to be:

- (a) Flexibility for developed countries in fulfilling their emissions commitments (see, in particular, criteria 2, 3, 21 and 23 in the attached table);
- (b) Scaling up of funding support for NAMAs by developing countries (see, in particular, criteria 2, 6 and 7);
- (c) An assurance of environmental integrity (see, in particular, criteria 14–17).

7. Further expectations have also been identified by Parties in the course of considering these proposals. These include the scaling up of private sector investment and engagement in the support provided to NAMAs undertaken by developing countries, the promotion of the transfer of technology and capacity-building, assistance with sustainable development in developing countries and an equitable regional distribution of activities under the mechanisms.

Annex

Illustrative table containing proposed approaches

Table 3

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
General					
1. References in document FCCC/AWGLCA/2009/INF.1	Paragraphs 147–150	Paragraphs 151–155.2, 158.3	Paragraphs x.1–x.12		Paragraphs 156–158.2, 158.3
2. Purpose of the mechanism	Assist developing countries in achieving sustainable development and contributing to global efforts to combat climate change	<p>Option 1:</p> <ul style="list-style-type: none"> • Enable developing countries to strengthen their contribution to the ultimate objective of the UNFCCC and access to carbon markets • Assist developed countries in achieving compliance with part of their quantified emission limitation and reduction commitments (QELRCs) • Promote sustainable development <p>Option 2:</p> <ul style="list-style-type: none"> • Support Parties to reduce emissions and increase removals from sectoral no-lose thresholds registered in national schedules 	<ul style="list-style-type: none"> • Assist developing countries in undertaking nationally appropriate mitigation actions that produce a net mitigation benefit to the atmosphere • Promote cost-effective global mitigation through the use of markets • Assist developed countries in meeting their commitments under the Convention and any of its related legal instruments 		<p>Option 1:</p> <ul style="list-style-type: none"> • Enable developing countries to strengthen their contribution to the ultimate objective of the UNFCCC and access to carbon markets • Assist developed countries in achieving compliance with part of their QELRCs • Promote sustainable development <p>Option 2:</p> <ul style="list-style-type: none"> • Support Parties to meet sectoral QELRCs registered in national schedules
3. Basis for credit or unit issuance	Issued for reductions achieved by NAMAs	Issued for reductions and/or removals beyond a defined reference level	Issued for reductions and/or removals beyond a defined reference level	Issued in a quantity equal to a defined reference level	Issued in a quantity equal to a defined reference level

Table 3 (continued)

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
4. Timing of credit or unit issuance	Ex post (after monitoring, reporting and verification)	Ex post (after monitoring, reporting and verification)	Ex post (after monitoring, reporting and verification)	Ex ante (at the start of a trading period)	Ex ante (at the start of a trading period)
5. Nature of participation	Voluntary	Voluntary	Voluntary		Voluntary
Coverage in developing countries					
6. Level of aggregation	Not specified	Single sector	One or more sectors		Single sector
7. Scope of mitigation actions	Not specified	Option 1: Reductions in eligible sectors Option 2: Reductions and removals	Reductions and removals in eligible sectors		Not specified
8. Eligibility requirements	Not specified	Not specified	<ul style="list-style-type: none"> • National system for estimating reductions and removals • National registry • Submission of most recent required inventory of emissions by sources and removals by sinks • Any other requirements established by the supreme body of the instrument 		Similar to those for emissions trading under Article 17 of the Kyoto Protocol (e.g. national system, national registry, submission of most recent required inventory)

Table 3 (continued)

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
Reference level					
9. Form of reference level	Not specified	Sectoral emission threshold (no-lose)	Quantified crediting threshold	Quantified trading threshold	Sectoral emission target
10. Basis for reference level	Not specified	Deviate significantly from business-as-usual (BAU) emissions and be established in a conservative manner taking into account, inter alia, the most efficient techniques, procedures, substitutes and alternative production processes, as well as national circumstances	Significantly below projected emissions, or above projected removals, of greenhouse gases within the sector boundary, taking into account the national circumstances and respective capabilities of the participating developing country		Deviate significantly from BAU/reference emissions and be established in a conservative manner taking into account, inter alia, the most efficient techniques, procedures, substitutes and alternative production processes, as well as national circumstances
11. Nature of reference level	Not specified	Option 1: Absolute Option 2: Absolute or intensity-based	Not specified		Absolute
12. Periodic review of reference level	Not specified	Every [x] years	Not specified		Every [x] years
13. Process for determining reference level	Not specified	<ul style="list-style-type: none"> Proposed by a developing country as part of its low-carbon development strategy Approval process not specified 	<ul style="list-style-type: none"> Proposed by a developing country as a form of NAMA or in conjunction with a NAMA Established in accordance with the rules, procedures, modalities and guidance adopted by the supreme body of the instrument Approved by the supreme body of the instrument 		<ul style="list-style-type: none"> Proposed by a developing country as part of its low-carbon development strategy Approval process not specified

Table 3 (continued)

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
Environmental integrity					
14. Net overall decrease in emissions	None, as all reductions are credited and may be used as offsets	Net decrease, since reductions and/or removals to reach the reference level are not credited as offsets and therefore do not provide a basis for increased emissions in developed countries	Net decrease, since reductions and/or removals to reach the reference level are not credited as offsets and therefore do not provide a basis for increased emissions in developed countries	Net decrease, since reductions and/or removals to reach the reference level do not provide a basis for increased emissions in developed countries	Net decrease, since reductions and/or removals to reach the reference level do not provide a basis for increased emissions in developed countries
15. Monitoring, reporting and verification	<ul style="list-style-type: none"> • Verified, together with corresponding support as measured and reported, by institutions accredited by [the Conference of the Parties (COP)] [a body under the authority of the COP] • For third party verification, a verification report shall be produced and considered by a body under the authority of the COP 	<ul style="list-style-type: none"> • Independently verified data and projected emissions are taken into account • Methodologies for estimating and accounting emissions in a conservative manner are available • Emissions are effectively monitored, reported and reviewed • Sectoral boundaries are clearly defined • Leakage is minimized to extent possible 	<ul style="list-style-type: none"> • Ensure real, measurable and long-term benefits related to climate change mitigation • Treatment of potential leakage between sectors 	<ul style="list-style-type: none"> • Independently verified data and projected emissions are taken into account • Methodologies for estimating and accounting emissions in a conservative manner are available • Emissions are effectively monitored, reported and reviewed • Sectoral boundaries are clearly defined • Leakage is minimized to the extent possible 	

Table 3 (continued)

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
16. Avoidance of double counting of reductions or removals between mechanisms	Not specified	<ul style="list-style-type: none"> • Prevent double counting between new and existing mechanisms • Provide orderly transition between mechanisms where one mechanism ceases to be applicable due to the application of another mechanism • Ensure credits from clean development mechanism (CDM) projects registered before [X] will continue to be issued until [Y] • Exclude new CDM projects in sectors for which absolute thresholds are defined 	Not specified		<ul style="list-style-type: none"> • Prevent double counting between new and existing mechanisms • Provide orderly transition between mechanisms where one mechanism ceases to be applicable due to the application of another mechanism • Ensure credits from CDM projects registered before [X] will continue to be issued until [Y] • Exclude new CDM projects in sectors for which absolute targets are defined
17. Avoidance of double counting of funding support	Not specified	<ul style="list-style-type: none"> • Prevent double counting between mechanisms and other support • Financing for purchasing of credits is additional to any other financial support for NAMAs 	Complements other means of implementation for NAMAs		<ul style="list-style-type: none"> • Prevent double counting between mechanisms and other support • Financing for purchasing of units is additional to any other financial support for NAMAs

Table 3 (continued)

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
Governance					
18. Overall authority	COP	The Meeting of the Parties to this Agreement	Supreme body of the instrument		The Meeting of the Parties to this Agreement
19. Supervisory body	Option 1: A dedicated body constituted by the COP Option 2: CDM Executive Board	Option 1: A body Option 2: A dedicated body constituted by the COP	A body to be established or appointed by the supreme body of the instrument		Not specified
20. Consequences of non-achievement	Not specified	None	Possible consequences, including facilitative measures		Not specified
Use of credits/units					
21. Developed countries	To meet their commitments under the Convention and Kyoto Protocol	<ul style="list-style-type: none"> For emissions trading To assist in achieving compliance with part of their QELRCs 	<ul style="list-style-type: none"> For emissions trading To assist in meeting their commitments under the Convention and any of its related legal instruments 		<ul style="list-style-type: none"> For emissions trading To assist in achieving compliance with part of their QELRCs
22. Developing countries	Not specified	Selling credits provides revenue	Selling credits provides revenue	<ul style="list-style-type: none"> For emissions trading To cover actual emissions (use of acquired units is supplemental to domestic actions) 	<ul style="list-style-type: none"> For emissions trading To cover actual emissions (use of acquired units is supplemental to domestic actions)

Table 3 (continued)

1. Criteria	2. NAMA crediting	3. Sectoral crediting	4. NAMA crediting and trading		5. Sectoral trading
			4(a) Crediting	4(b) Trading	
23. Fungibility	Fungible	Fungible	Fungible		Fungible
Modalities for subsequent development					
	<ul style="list-style-type: none"> • Criteria for eligible countries and sectors <ul style="list-style-type: none"> • Determination of sector boundaries • Treatment of potential leakage between sectors • Methodology and process for determining reference level (including preparation, submission, review, approval) <ul style="list-style-type: none"> • Monitoring, reporting and verification requirements for emissions • Issuance, allocation, management and accounting of credits/units <ul style="list-style-type: none"> • Means of engaging stakeholders (public and private) <ul style="list-style-type: none"> • Duration of crediting/trading periods • Carry-over of credits/units between periods • Eligible credits/units for purposes of achieving trading thresholds/targets • Consequences of not achieving a reference level, including facilitative measures 				

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