**[Place holder mandate contactgroup copy paste]**

**[Funding][financing]**

Parties agree to maintain the MLF as the financial mechanism and agree that additional financial resources will be provided by non A5 parties to offset costs arising out of HFC management for A5 parties if obligations are agreed to.

**Flexibility**

A5 parties will have [full] flexibility to prioritize HFCs, define sectors, select technologies/alternatives, elaborate and implement their strategies to meet agreed HFC obligations, based on their specific needs and national circumstances, following a country driven approach.

The ExCom shall incorporate the principle in the above mentioned paragraph in relevant guidelines [and its decision making process].

**2nd and 3rd conversions**

Enterprises that have already converted to HFCs in phasing out CFCs and/or HCFCs will be eligible to receive funding from the MLF to meet agreed incremental costs in the same manner as enterprises eligible for 1st conversions.

**Guidance to the ExCom**

It is understood that guidelines and/or methodologies will have to be developed on the following issues related to HFC [phase down][management] activities:

* Determination of incremental costs
* Calculation of incremental costs
* Cost effectiveness thresholds
* [Costs of projects]
* Energy efficiency and climate impacts of projects

**Enabling activities**

[Enabling activities will be supported by the MLF in any HFC phase down agreement.]

* Capacity building and training for handling HFC alternatives in the servicing sector, the manufacturing [and production] sectors
* Institutional Strengthening
* Article 4b Licensing
* Reporting
* Demonstration projects
* Developing national strategies

**HAT Exemption placeholder**

[To recognize the special situation of high ambient temperature countries and the need for a specific exemption to address their situation]

Placeholder

It is understood that the remaining challenges will be further discussed.