**Vienna solutions for challenges on funding issues and flexibility of implementation**

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| **Issue** |  |
|  | The MOP decides, |
| **Overarching principles and timelines** | To maintain the MLF as the financial mechanism and that [sufficient] additional financial resources will be provided by non-A5 parties to offset costs arising out of agreed HFC obligations for A5 parties.  A5 parties will have [full][maximum] 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.  [To request the ExCom to develop, within one year after the adoption of the HFC amendment, guidelines for financing the phase-down of HFCs consumption and production, including cost-effectiveness thresholds [that take into account the cost of the alternatives to HFCs].] |
| **Guidance to the ExCom on incremental costs** | |
| ***[Consumption [manufacturing] sector]***  ***[Cost calculation for HFCs in the consumption manufacturing sector]*** | In developing new guidelines on methodologies and cost calculations, the following categories of costs will be eligible and included in the cost calculation:   * Incremental capital costs, * Incremental operating costs * Technical assistance activities * [Research and development when required to adapt and optimize low-GWP or zero-GWP alternatives to HFCs] [note: link to challenge on IPR] * costs of patents and designs or incremental cost of royalties[, when necessary and cost-effective][note: link to challenge on IPR] * Cost of safe introduction of flammable and toxic alternatives   The IOCs referenced above, including their possible duration [noting proposals for a duration of 5 years], would be negotiated in the context of an amendment. |
| ***Production sector*** | In developing new guidelines on methodologies, the following categories of costs will be eligible and considered in the cost calculation:   * Loss profit due to shutdown/closure of the production facilities as well as production reduction * Compensation to displaced workers * Dismantling of production facilities * Technical assistance activities * Research and development related to the production of low-GWP or zero-GWP alternatives to HFCs with a view to lower the cost of alternatives * Technology transfer[, including IPR]   [Production activities to include conversion of HCFC production to HFC/HFO]  Reduction of emissions of HFC-23, a by-product from the production process of HCFC-22, by reducing its emission rate in the process, destroying it from the off-gas, or by collecting and converting to other environmentally safe chemicals, should be funded by the MLF, to meet the obligations of A5 countries specified under the HFC amendment   * [Activities to promote production facilities or regional clearinghouses for low-GWP alternatives] |
| ***Servicing sector (referenced in CRP.1)*** | In developing new guidelines on methodologies and cost calculations, the following categories of costs will be eligible and included in the cost calculation:   * Public awareness activities * Policy development and implementation * Certification programs and training of technicians on the safe handling, good practice and safety of alternatives, including training equipment * Training of customs officers * Preventing illegal trade of HFCs * Servicing tools * Refrigerant testing equipment for the RAC sector * Recycling and recovery of HFCs * [Additional import costs] * [Incremental cost of refrigerants for MVAC servicing/recharging]   To increase the funding available under Executive Committee decision 74/50 up to a maximum of x % above the amounts listed in that decision for Parties with total HCFC baseline consumption up to 360 metric tonnes when needed for the introduction of alternatives to HCFC with low-GWP and zero-GWP alternatives to HFCs, and maintaining energy efficiency also in the servicing/end-user sector |
| ***Cut-off date for eligible capacity*** | The MOP that decides the amendment will decide on the cut-off date. |
| ***Energy Efficiency (referenced in CRP.1)*** | [To request the ExCom to develop cost guidance on energy efficiency, with the objective of [maintaining energy efficiency][at least avoiding a reduction in] and [providing incentives to [promote][improve]] the energy efficiency of the new technology as compared to the technology being replaced[, including not-in-kind technologies].]  [To request the ExCom to develop [cost][appropriate] guidance for the [relevant sector][manufacturing sector] [on funding] associated with [maintaining][maintaining and enhancing][at least avoiding a reduction of][and provide incentive for enhancing] energy efficiency of [replacement] equipment when phasing-down HFCs.]  [To request the ExCom to develop guidance on funding associated with enhancing energy efficiency of equipment.] |
| ***Institutional strengthening*** | To direct the ExCom to increase institutional strengthening support in light of new commitments related to HFCs. |
| ***Disposal***  ***(referenced in CRP.1)*** | To consider funding the cost-effective management of stockpiles of used or unwanted controlled substances, including destruction. |
| ***Capacity-building to address safety***  ***(referenced in CRP.1)*** | To request the ExCom to prioritize technical assistance and capacity building to address safety issues associated with low GWP or zero GWP alternatives |
| ***Cost of importing alternatives*** | [Additional cost of importing alternative substance (of payment support) – should be supported]pending |
| ***Other activities*** | [Other necessary activities to be agreed in accordance with the indicative list of categories of incremental costs in annex VIII of decision IV/18]  [The indicative list of categories of incremental costs in annex VIII of decision IV/18 shall also include costs of activities that accrue out of issues and impacts arising from conversion to low-GWP alternatives, which may be applicable to parties individually or collectively.]  [Other necessary activities to be agreed]  [All agreed incremental costs necessary or arising out of the conversion to low-GWP or zero-GWP alternatives to HFCs will be funded by the MLF] |