

The Parties decide to:

Recognizing the MP's history of success in achieving collaborative and consensus based outcomes and that HFCs are replacements for the ODS that Parties to the MP are already successfully phasing out,

1. Work within the Montreal Protocol to an HFC amendment in 2016 by first resolving challenges by generating solutions in the contact group on the feasibility and ways of managing HFCs at Montreal Protocol meetings;
2. Recognize the progress made at the 27th MOP on the challenges identified in the contact group mandate agreed at the resumed 36th OEWG (contained at Annex 1) on feasibility and ways of managing HFCs, including development of a common understanding on issues related to flexibility of implementation, 2nd and 3rd stage conversions, guidance to the ExCom, enabling activities for capacity building, and the need for an exemption for high ambient temperature countries; and endorse the concepts in Annex 2;
3. Recognize that further progress still needs to be made in particular with respect to other challenges identified in the contact group mandate, for example conversion costs, technology transfer and intellectual property rights;
4. Hold a series of OEWG and other meetings, including an Extraordinary Meeting of Parties in 2016;
5. Continue consideration at the meetings mentioned in paragraph 4 above of agenda items 6 and 7, contained in Doc. ...27/1, including the submissions contained in UNEP/OzL.Pro.27/5, 27/6, 27/7 and 27/8);

Annex 1

Mandate for a possible contact group on the feasibility and ways of managing HFCs

The Open-ended Working Group of the Parties to the Montreal Protocol at its thirty-fifth meeting held in Bangkok from 22 to 24 April 2015, agreed that “it would continue to work inter-sessionally in an informal manner to study the feasibility and ways of managing HFCs, including, inter alia, the related challenges set out in annex II to the [report of the thirty-fifth meeting of the Open-ended Working Group], with a view to the establishment of a contact group on the feasibility and ways of managing HFCs at the thirty-sixth meeting of the Open-ended Working Group” (paragraph 128, UNEP/OzL.Pro.WG.1/35/6).

The informal meeting was convened on the 12-13 of June in Vienna on the above mentioned basis.

The parties have recognised in their interventions the success of the Montreal Protocol and its institutions in phasing out ODSs.

The management of HFCs is applicable to both A5 and non-A5 parties.

Parties agree that nothing should be considered agreed until everything is agreed.

Parties agree that they shall first resolve the challenges mentioned below by generating solutions in a contact group.

- Relevance and recognition of the special situation of developing countries and the principles under the Montreal Protocol which have enabled sufficient additional time in the implementation of commitments by A5 countries,
- Maintain the MLF as the financial mechanism, and to 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. In this regard, key elements for financial support from the MLF for A5 parties will be developed by the contact group to provide guidance to the ExCom of the MLF, taking into account the concerns of parties.
- The elements in paragraph 1(a) of decision XXVI/9 including IPR issues in considering the feasibility and the ways of managing HFCs,
- Flexibility in implementation that enables countries to set their own strategies and set their own priorities in sectors and technologies,
- Exemption process and a mechanism for periodic review of alternatives including the consideration of

availability or lack of availability of alternatives in all sectors in A5 countries and special needs for high ambient countries, based on all the elements listed in paragraph 1(a) of decision XXVI/9,

- Relationship with the HCFC phase out,
- Non-party trade provisions, and
- Legal aspects, synergies and other issues related to the UNFCCC in the context of HFC management under the MP.

Then, the parties will discuss in the contact group the ways of managing HFCs including the amendment proposals submitted by the parties.

Annex II of the report of the 35th OEWG meeting

Challenges to be addressed

- Energy efficiency
- Funding requirements
- Safety of substitutes
- Availability of technologies
- Performance and challenges in high ambient temperatures
- Second and third conversions
- Capacity-building
- Non-party trade provisions
- Synergies with the United Nations Framework Convention on Climate Change (legal, financial aspects)
- Relationship with the HCFC phase-out
- Ecological effects (effects on fauna and flora)
- Implications for human health
- Social implications
- National policy implications
- Challenges to the production sector
- Rates of penetration of new alternatives
- Exemptions and ways to address lack of alternatives
- Technology transfer
- Flexibility in implementation

Annex 2

Issues raised and discussed in detail as part of the challenges during the contact group will be further discussed, in direction consistent with the record of the discussion.

Funding

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 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 control measures, if agreed:

- Determination of incremental costs
- Calculation of incremental costs
- Cost effectiveness thresholds
- 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

The need for an exemption for high ambient temperature countries

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