



**Fourth meeting of the Transitional Committee
on the operationalization of the new funding arrangements for responding to loss and damage
and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4**

**Aswan, Egypt
17 to 20 October 2023**

Scenario note by the Co-Chairs of the Transitional Committee

1. The fourth meeting of the Transitional Committee (TC4), taking place from 17 to 20 October in Aswan, Egypt, represents our final meeting as a Committee. This meeting follows the completion of all other mandated activities and deliverables that were intended to inform our work. This includes two workshops, the Second Glasgow Dialogue, the Secretary-General's convening of principals of international financial institutions, the ministerial consultations convened by the COP 27 President and COP 28 President-Designate, and the publication of two synthesis reports.
2. The ministerial consultations, which took place on 22 September, were a clear reminder of the high expectations Parties have from the work of the TC. Many Parties took the floor to express their support to the TC, and to state clearly that the TC must deliver on its mandate by COP 28. Recalling the historic breakthrough at COP 27 that gave rise to our work, and the several devastating climate impacts that have punctuated the time since, ministers and other representatives stressed that any delays are unacceptable.
3. As Co-Chairs, we reiterated our commitment to using all the tools at our disposal and all the remaining time available to us guide the Committee towards fulfilling our mandate. Such an outcome would include recommendations associated with all elements of paragraph 5, informed by all elements of paragraph 6, of decisions 2/CP.27 and 2/CMA.4.
4. We continue to be unwavering in this commitment. In our view, to set our sights on anything less than this is unacceptable. We note that a failure on our part to deliver on our mandate may, in turn, jeopardize the overall success and smooth conduct of COP 28. This would represent a failure on the part of the Committee as a whole. We are determined to avoid this, and will need TC members help to do so.
5. We thank TC members for their diligent preparations and constructive discussions at our past meetings. In particular, the exchanges we've had at TC2 and TC3 in response to the questions posed in our previous scenario notes have moved us significantly forward. We thank those members that have done the extra work together to produce full drafted decisions, note that some of these reflect similar ideas and plead with them to work together to further streamline them, where possible, into common proposal for consideration at TC4. At the same time, we are asking more from all members at TC4. Specifically, we ask all members to come prepared to state clearly and concisely what they can and cannot accept, and to propose any potential compromises that may move us closer towards consensus. In addition, we ask that members avoid repeating positions that have already been shared throughout our past meetings; we have all listened closely to one another, and, with only four days to go, time is unfortunately not on our side.
6. In our assessment as Co-Chairs, there are a number of key issues on which positions remain far apart. The success of the TC will depend upon us resolving these issues at TC4. They include the following:

- i. Location of the new, dedicated, independent secretariat of the fund;
 - ii. Whether to designate the fund as an operating entity;
 - iii. Governing body or bodies served by the fund;
 - iv. Scope and structure of the fund, including definition of any windows or sub-funds and potential delegation of related decisions to the Board;
 - v. Sources of funding and financial inputs;
 - vi. Whether to indicate scale;
 - vii. Eligibility for support of particularly vulnerable developing countries;
 - viii. Distribution of resources among subfunds/windows/modalities;
 - ix. System of allocation to prioritise vulnerabilities;
 - x. Coordination and coherence;
 - xi. Board size and composition;
 - xii. Name of the fund;
 - xiii. Content of recommendations on the new funding arrangements.
7. In addition to this scenario note, we will release a set of papers under our responsibility as Co-chairs that attempt to capture areas of consensus and, where divergences remain, articulate the options that have been identified through the TC's deliberations to date. All of these papers have equal status and importance, and together represent the package that is to be the basis of work at TC4.
 8. To prepare these documents, we have drawn on the deliberations to date and the various submissions prepared by TC members and groups of members. While these submissions have helped us come this far, we now need a new mode of work. We are not calling for new submissions, but rather for more homework to be done among members with similar ideas to come prepared to help streamline and consolidate these by resolving differences in approach. We are particularly interested in proposals that bridge differences between constituencies. We now need to focus exclusively on narrowing options and crafting compromises on the basis of the documents we have prepared for TC4.
 9. We are confident that all TC members are fully committed to delivering a successful and comprehensive outcome at TC4. We count on members to arrive at TC4 prepared to engage with one another in a spirit of flexibility and compromise, and will rely on their continued support as we navigate these final steps towards a fruitful outcome.
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