



## **POLICY GROUP**

### **CSLF Capacity Building Program and Fund Progress Report**

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## CSLF IS GOING GREEN\*

### CSLF CAPACITY BUILDING PROGRAM AND FUND PROGRESS REPORT

*Note by the Secretariat*

#### Background

The CSLF Capacity Building Program Plan, approved by the CSLF Policy Group and endorsed by Ministers in 2009, defines the mission of CSLF Capacity Building Program as assisting all CSLF Members to develop the information, tools, skills, expertise and institutions required to implement CCS demonstrations and then move rapidly into commercial operation.

The Program Plan further defines four program initiatives:

- Disseminate practical information;
- Build capacity in emerging economies;
- Assist government and regulatory agencies; and
- Build academic and research institutions for CCS.

Each of the capacity building projects undertaken by the CSLF, as described below, addresses one or more of these program initiatives. The Program Plan also provides a framework for the governance of the CSLF Capacity Building Program through:

- Raising of financial resources for capacity building;
- Financial governance through a Capacity Building Governing Council; and
- Assessment of capacity building needs.

This report, written by the CSLF Secretariat, describes the management of the CSLF Capacity Building Fund established for the implementation of that plan and is a status update for the CSLF Capacity Building Program and Fund.

#### Action Requested

The Policy and Technical Groups are requested to consider the report from the Secretariat on the status of the CSLF Capacity Building Program.

\* **Note:** This document is available only electronically. Please print it prior to the CSLF meeting if you need a hardcopy.



## **CSLF Capacity Building Program and Fund Progress Report**

### **CSLF Capacity Building Fund**

A CSLF Capacity Building Fund has been established and is administered by the CSLF Secretariat, which reports on financial matters to the CSLF Capacity Building Fund Governing Council. Contributions committed to the CSLF Capacity Building Fund total US\$2,965,143.75. These include the following:

Australia	US\$ 968,160.00
Canada	US\$ 233,073.75
Norway	US\$ 854,670.00
United Kingdom	US\$ 909,240.00

As of August 31, 2012, a total of US\$2,016,950 has been committed to projects, and undisbursed funds are held on behalf of the CSLF in the United States Treasury. (Since the CSLF is not a legal entity that can enter into contracts, it cannot itself hold or disburse funds.) A more detailed statement of funds is included in this report.

### **Governance of the CSLF Capacity Building Fund**

As specified by the Program Plan, the CSLF Capacity Building Fund Governing Council composed of representatives of significant donors has been established. The Governing Council oversees financial aspects of Capacity Building Program. The Governing Council began its operation by developing a Terms of Reference for its operation and for governance of the CSLF Capacity Building Fund. See Annex 1.

The CSLF Capacity Building Fund Governing Council also developed a procedure for soliciting and evaluating requests for capacity building projects using criteria established by the Capacity Building Task Force. This procedure was implemented from 2010 to 2012 in coordination with the Capacity Building Task Force by soliciting and evaluating requests from emerging economy CSLF Members.

### **Collaborations**

The CSLF is collaborating with the Global Carbon Capture and Storage Institute in the management of its Capacity Building Program and is coordinating its activities with CCS capacity building activities of the World Bank. Various other industrial and academic institutions in Member countries are taking part in CSLF capacity building projects.

## Requests for Assistance

The CSLF Capacity Building Fund Governing Council has received to date a total of 12 requests for projects assistance from emerging economy CSLF Members. These requests were evaluated using the criteria developed by the Secretariat and approved by the Capacity Building Task Force and the CSLF Capacity Building Fund Governing Council.

## Capacity Building Projects

A total of 12 capacity building projects in four countries have been approved to date and either have been or will be conducted by the CSLF. While projects may be held in a specific country, workshops and other events are open to participants from all CSLF Members.

Approved projects include:

### Brazil

- Training Program in carbon capture applied to mineral coal combustion and gasification process. This program will build and develop a knowledge base in the process of carbon capture in Brazil through a training program applied to mineral coal combustion and gasification process. The program brings foreign skilled personnel to instruct local human resources and allows Brazilian researchers to participate in practical trainings at the United States Department of Energy (US-DOE) – National Energy Technology Laboratory (NETL) or institutions with recognized expertise. This project will have three courses divided over two and a half years.
- Develop a training program in the process of CCS in the offshore environment. This program will be for professionals from the oil industry, research institutions, universities and stakeholders in general and is viewed as critical to the sustainable development of Brazil's petroleum industry.
- Develop a knowledge base on environmental impact assessment and CO<sub>2</sub> monitoring technologies. This data base will be used for the development of CCS projects in South America by bringing skilled personal to instruct local human resources and advise on the appropriate technology and instrumentation necessary for a specific project. The first course, a basic one, was held in July 2012 and was titled "Understanding Carbon Capture and Storage."

### China

- Develop website on Carbon Capture Utilization and Storage Technologies. This project is establishing the first website focusing on CCS technologies and its development in China. The aims are to serve as a platform to share information and knowledge on technology advancements and good practices and to educate the public. The project has been initiated, and is being translated into English.
- Workshop on experience sharing among CCS demonstration and pilot projects. This workshop was held in July 2012 in Beijing, China. It focused on CCS experience sharing in China and served as a platform of exchange and discussion within China and internationally. Participants were representatives of government departments, academia, industrial stakeholders and NGOs.

- Workshop on legal and regulatory issues for CCS technology development. The themes of the workshop introduce the role of regulatory and enabling environment for CCS development, experiences of developed countries and how China may move forward. Participants are representatives of government departments, academia, industrial stakeholders and NGOs. The workshop is expected to take place in October 2012 in Beijing, China.
- Exploring CCUS Legal and Regulatory Framework in China. This project aims to explore the CCUS legal and regulatory issues in China through an empirical perspective. The project also plans to raise awareness among relevant stakeholder groups, with an aim to promote the establishment of such a regulatory framework and to facilitate the implementation of future CCUS demonstration projects in China.
- Roadmap: CCUS Financing in China. This project aims to address CCUS challenges by formulating the financial roadmap for CCUS development and demonstration in China and spreading information to key stakeholders.

### Mexico

- Introduce CCS into academic programs. This project was held in March 2012 and educated professors and graduate students on carbon capture, utilization and storage through two workshops. The first workshop focused on “CO<sub>2</sub> Geological Storage and Enhanced Oil Recovery,” while the second workshop was on “CO<sub>2</sub> Capture.” The project will also send three individuals from Mexico to attend the Greenhouse Gas Control Technologies (GHGT)-11 Conference in November 2012 in Kyoto, Japan.
- Three Internships on CCS. This proposal will link qualified Mexican personnel to international projects with similar background, objectives, and operations to demonstration projects around the world. Mexico is interested in CO<sub>2</sub> monitoring strategies and techniques and one form of obtaining such experience is via this proposed internship. The Secretariat is in the process of determining and identifying the governmental instrument which would allow the transfer of funds for this project.

### South Africa

- Conduct workshops and conferences during South Africa’s CCS week. Two workshops were held in October 2011 to disseminate information on CCS to relevant stakeholders.
- Impacts of CCS on South African national priorities beyond climate change. The aim of this study is to improve the understanding of how CCS impacts South Africa’s national priority issues beyond CO<sub>2</sub> mitigation and climate change, such as sustainable development, improved local infrastructure, job creation and protection, poverty alleviation, and social upliftment.

## **Annex 1**

### **CSLF Capacity Building Programme Fund Draft Terms of Reference for the Governing Council**

#### **1. Introduction**

1.1 At the CSLF Ministerial Meeting in London in October 2009, Ministers and the CSLF Policy Group approved the CSLF Programme Plan for Capacity Building. The CSLF Capacity Building Programme (the “Programme”) is to be supported financially by the CSLF Capacity Building Programme Fund (the “Fund”). Although the Fund is open to all CSLF Members, the expectation is that the distribution of financial contributions received should focus on emerging economy CSLF Members and represent a wide geographical spread.

1.2 The purpose of the CSLF Capacity Building Fund Governing Council (the “Council”) is to assure that the Fund is spent wisely and appropriately. These Terms of Reference provide the framework for governance of the Council.

#### **2. Membership of the Governing Council**

As of December 3, 2010, CSLF Members who are members of the Council include Australia, Brazil, Canada, Mexico, Norway, Saudi Arabia, the United Kingdom, and the United States. Future membership of the Council is to consist of: (1) representatives from each CSLF Member that have made a financial contribution to the Fund of over a threshold amount of US\$ 100,000.00, (2) the Chair of the CSLF Capacity Building Task Force, and (3) representatives of the CSLF Secretariat, who are non-voting Council Members.

#### **3. Meetings**

The Council is to meet as needed, at least once a year, at such times and places as the Council members may determine. Meetings may be by teleconference or video conference. The Secretariat is to prepare minutes of all meetings.

#### **4. Leadership**

The Chair and a Vice Chair of the Council are elected from among its members.

#### **5. CSLF Fund for Capacity Building**

5.1 The Fund consists of financial contributions paid into a single account to be used for the purpose of capacity building. Following receipt of a contribution, the Council does not accept or honor conditions or restrictions a donor may seek to impose on how its contribution is to be expended.

5.2 In-kind support for capacity building activities is welcomed, but does not constitute a contribution to the Fund. Additionally, funds a CSLF Member expends on capacity building activities in its own country do not constitute a contribution to the Fund.

5.3 Expenditures from the Fund are to be used for direct expenses related to capacity building activities, as recommended by the CSLF Capacity Building Task Force with input from the Council. The CSLF Secretariat may charge up to 7% (including travel expenses) of the total Fund as a Programme management fee, as approved by the Council.

5.4 The Secretariat is responsible for providing coordination for the Programme, analyses and assessments for both the Capacity Building Task Force and the Governing Council, which are to include both the administrative and financial aspects of the Programme.

5.6 Monies in the Fund shall be held by the United States Department of Energy in an account maintained in the United States Treasury for expenditure as directed by the Council. The Council shall designate (subject to acceptance by the designee): either the Secretariat or another organisation to engage and manage contractors or service providers to implement each individual aspect of the Programme.

## **6. Decision Making and Governance Activities**

6.1 The Council is to develop and approve a budget for the Programme; determine the allocation of the Fund based on recommendations by the Capacity Building Task Force; review administration and management of the Fund; apply the CSLF capacity building strategic plan in funding decisions; review project scope and execution by reviewing CSLF capacity building criteria; provide quarterly account statements and reports to the CSLF Policy Group.

6.2 The Capacity Building Task Force is responsible for capacity building Programme strategic development; recommendation of Programme project locations, activities, and topics; and assuring comprehensiveness and complementarities of Programme activities to the CSLF's overall capacity building objectives.

6.3 All decisions of the Council are to be made on the basis of consensus.

## **7. Observers**

By invitation, observers are welcome to attend meetings of the Council.

## **8. Reporting**

The Secretariat should provide reports twice each calendar year to the Council on the status of the Fund. Each such report should provide:

- Progress reports on the capacity building activities during the preceding six-month period;

- Beginning and ending balances of any accounts within the Fund;
- Amounts of financial contributions and expenditures;
- Identity of donors and recipients;
- Quarterly account statements;
- A final expense report for each capacity building activity or event that has been completed; and
- Other information as deemed relevant by the Secretariat or requested by the Council.



**CSLF Capacity Building Funds  
as of September 12, 2012**

	Deposited with DOE	Deposited with GCCSI	
Member Contributions			
Australia	\$ 968,160.00		
Canada	\$ 233,073.75		
Norway	\$ 688,670.00	\$ 166,000.00	
United Kingdom	\$ 909,240.00		
	\$2,799,143.75	\$ 166,000.00	
Total Member Contributions			\$ 2,965,143.75
Expenditures - DOE Federal Admin. Charge (FAC)			
Australia Federal Admin. Charge	\$ 28,198.83		
Canada Federal Admin. Charge	\$ 6,788.56		
Norway Federal Admin. Charge	\$ 20,058.35		
United Kingdom Federal Admin. Charge	\$ 26,482.72		
Total Expenditures DOE Federal Admin. Charge	\$ 81,528.46		\$ 81,528.46
Subtotal			\$ 2,883,615.29
Expenditures - Secretariat Mgmt. Fee			
Australia Secretariat Mgmt. Fee	\$ 65,797.28		
Canada Secretariat Mgmt. Fee	\$ 15,839.96		
Norway Secretariat Mgmt. Fee	\$ 58,422.82		
United Kingdom Secretariat Mgmt. Fee	\$ 61,793.01		
Total Allocated for Secretariat Mgmt. Fee	\$ 201,853.07		\$ 201,853.07
Total Expenditures - Secretariat Mgmt. Fee	\$ 75,501.83		
Total Amount Available for Secretariat Mgmt Fee	\$ 126,351.24		
Subtotal			\$2,681,762.22
	<u>Contractor</u>	<u>Contractor Fees</u>	<u>Total Project Cost</u>
Expenditures for Projects			
Brazil Priority 1 - Training Program in CCS	USEA	\$25,000.00	\$ 302,450.00
Brazil Priority 2 - Offshore Environment Course	USEA	\$11,000.00	\$ 161,000.00
Brazil Priority 3 - Environmental Impacts Course	USEA	\$13,000.00	\$ 213,000.00
China Priority 1 - Website on CCUS Technology	USEA	\$10,000.00	\$ 60,000.00
China Priority 1 Addition - Translate Website	USEA	None	\$ 50,000.00
China Priority 2 - Demo Exp. Sharing Workshop	USEA	\$6,000.00	\$ 76,000.00
China Priority 3 - CCS Regulatory Workshop	USEA	\$6,000.00	\$ 76,000.00
Mexico Priority 1 - Seminars to Introduce CCS	USEA	\$14,500.00	\$ 93,500.00
S. Africa Priority 1 - CCS Outreach Week	GCCSI	None	\$ 86,000.00
S. Africa Priority 3 - Public Outreach Framework	GCCSI	None	\$ 80,000.00
Total Project Expenditures			\$1,197,950.00
Contingency			\$ 150,000.00
Subtotal Funding Available			\$1,333,812.22
Ring Fenced for Future Project Use			
China Add. Priority 1 - CCUS Leg. & Reg. in China	USEA	\$35,000.00	\$ 285,000.00
China Add. Priority 2 - Fin. CCUS in China		TBD	\$ 200,000.00
India Priority 1 - Training Engineers		TBD	\$ 250,000.00
Mexico Priority 2 - Internships on CCS		TBD	\$ 84,000.00
Total Ring Fenced for Future Project Use			\$ 819,000.00
Total Available for CSLF Capacity Building			\$ 514,812.22