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POLICY GROUP

CSLF Capacity Building Program Plan

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CSLF CAPACITY BUILDING PROGRAM PLAN

Note by the Secretariat

Background

Capacity building is a key theme of the 3rd CSLF Ministerial Conference. At the June 2009 meeting of the CSLF Policy Group in San Francisco, there was consensus to move forward with a Program Plan for Capacity Building which builds on the previous activities of the CSLF Capacity Building Task Force. The Secretariat developed a draft of this document, which was sent to Capacity Building Task Force members for review. Comments received were incorporated into this revised draft.

Action Requested

The Policy Group is asked to consider and approve the proposed CSLF Capacity Building Program Plan.



PROGRAM PLAN FOR CAPACITY BUILDING

Carbon capture and storage (CCS) is vital to reducing emissions of carbon dioxide (CO₂) from large facilities. CCS, however, is new and the capacity to widely implement it is not yet adequate in either emerging or industrialized countries. Although specialists are fast developing CCS technologies and techniques, the knowledge and the tools they are developing need to be brought into the various institutions that must implement CCS throughout the world. The more rapidly that capacity is built, the sooner CO₂ emissions reductions can be achieved.

This report describes a CSLF Program to help all its Members build the capacity to meet their needs. This Program builds on the highly successful CSLF Capacity Building activities that have been implemented since 2005.

Capacity building is a unique CSLF strength. The CSLF pioneered CCS capacity building on CCS technology and on policy, legal and socio-economic issues for emerging economies. Recognizing that CCS is new and the capacity to widely implement it is not yet adequate in either emerging or industrialized economies, the CSLF has developed a new capacity building program that will assist all its Members to implement CCS demonstrations and then move rapidly into commercial operation.

Greater levels of funding than previously committed are needed to support this Program Plan for Capacity Building. This Program Plan anticipated expenditures of US\$5 million per year for the remaining four years of the CSLF term. Members are requested to commit to funding or in-kind services for a substantial portion of this, with the balance of funding to be sought from foundations, industrial and other organizations, including multilateral organizations.

Needs for Capacity Building

While specific needs vary, four basic tasks are required to implement CCS:

1. Evaluate the potential. This first task consists of identifying and characterizing CO₂ sources and potential reservoirs and then matching sources to potential reservoirs.
2. Create policy and legal/regulatory frameworks. This typically involves analysis and formulation of policies, laws and regulations; various consultations; and allocation of responsibilities.
3. Evaluate projects. Pre-feasibility, feasibility and regulatory studies must be performed to support decisions about proposed projects.
4. Implement projects. CCS projects must be planned, provided with the appropriate legal/regulatory authorizations, financed, constructed, operated, and monitored.

Each of these tasks requires an understanding of the CCS technologies, their economics and capabilities. Capacity must be built in order to create that understanding and carry out each of these tasks. This capacity consists of:

1. Information and tools to define, evaluate and realize opportunities for CCS;
2. Skills and expertise to plan, implement and regulate CCS;
3. Institutions, both public and private, including:
 - Source industries that emit CO₂,
 - Service industries to transport and store CO₂,
 - Financial institutions to fund CCS projects,
 - Government agencies to formulate and implement public policies, and
 - Academic/research institutions to develop the technology and train practitioners.

Mission

The Capacity Building Program will assist all CSLF Members to develop the information, tools, skills, expertise and institutions required to implement CCS demonstrations and then move rapidly into commercial operation.

Guiding Principles

- Use a country-led process in which each country defines its own needs.
- Share information and tools, create skills and expertise and build institutions.
- Tailor capacity building to the individual needs of each Member.
- Take advantage of existing resources and avoid duplication.
- To the extent possible, work with partners and leverage resources.

Program Initiatives

Four Capacity Building Program initiatives will accelerate the deployment of CCS:

1. Disseminate Practical Information. The information provided will enable recipients to take effective actions to implement CCS.
 - *Continue introductory CCS workshops*. These workshops will follow up on and expand prior CSLF capacity building workshops and be tailored to specific needs.
 - *Target specific issues*. Informational materials on how to overcome specific implementation problems will be provided to practitioners, including potential facility owners and operators.
 - *Create problem-solving networks*. These will enable implementers to share information and come to solutions more quickly and effectively.
2. Build Capacity in Emerging Economies. Emerging economies typically face the greatest challenges due to limited financial resources and expertise. Each of the following tasks is funded by and will be conducted in partnership with the Global Carbon Capture and Storage Institute (GCSSI).
 - *Conduct preliminary capacity building workshops*. A series of basic workshops will be conducted in emerging economies.
 - *Follow-on with advanced workshops*. These will be more in-depth workshops to address identified issues.
 - *Develop country recommendations*. At the conclusion of the workshop series, a final report will be prepared for host countries with recommendations on how to advance CCS.

3. Assist Government and Regulatory Agencies. Government actions will be required to ensure that CCS is done effectively and safely.
 - *Facilitate exchanges among government agencies.* These exchanges will enable governments to share experiences and compare approaches to similar problems.
 - *Work with the International Energy Agency (IEA) CCS Regulators Network.* The IEA has established a network of regulators throughout the world who regularly exchange information.
 - *Promote seconding of staff in similar Agencies.* Agencies in different countries with similar missions could partner to second staff members to each other, perhaps for periods of a year to provide those staff members with experience beyond that available from their own agencies.

4. Build Academic and Research Institutions for CCS. These institutions will ultimately need to bear most of the burden of developing the necessary skills and expertise. Enhancing the capabilities of these institutions will have a high long-term payoff.
 - *Create course materials on topics relevant to CCS.* A substantial body of knowledge on CCS has been developed. This knowledge can be incorporated into curricula, either as stand-alone courses or as part of existing courses in geology, geological engineering, mechanical engineering, economics or public policy.
 - *Train instructors.* “Teaching the teacher” multiplies the ability of the CSLF to reach greater numbers of potential students.
 - *Develop networks of scholars.* Researcher-to-researcher interactions among people facing similar challenges are often the best way to facilitate progress. Mechanisms for interaction using the Internet could be particularly cost-effective.
 - *Build institutional research partnerships.* Ongoing relationships among departments in different countries should be facilitated, including joint projects.
 - *Facilitate faculty/researcher exchanges.* Researchers and professors from the relevant departments of academic, research and laboratory institutions should be provided with fellowships to similar institutions in relevant disciplines.
 - *Establish CCS scholarships and fellowships.* These will attract students to CCS in order to provide the intellectual capital to make further advancements and run effective CCS programs and projects. Foundations may be an appropriate source of funding for this activity.
 - *Expand summer programs for graduate students.* Such programs could supplement what is offered at specific institutions of higher learning, international organizations and national programs. Existing programs could be expanded and new programs created. Again, foundations may be an appropriate source of funding.

Implementation

Implementation will require an ongoing effort to facilitate these activities, Member commitments to capacity building, and the resources to carry out these activities. Initial planning activities will identify specific needs and resources available, and then develop specific actions:

1. *Needs assessment.* In order to be successful, it is vital that this capacity building process be country-led in the sense of being responsive to the real needs of the countries in which capacity is to be built. Initial efforts will be to work with members to identify these needs.
2. *CCS Activity Analysis.* Capacity building activities under way or resources available would be identified in order to take advantage of available resources and avoid duplication. (This task is partly funded by the GCCSI.)
3. *Implementation Plan.* Plans will be developed for the detailed activities under this Program. It is expected that implementation will proceed in two phases:
 1. Pilot implementations in selected countries will develop an integrated process and guidelines for future activities. It is expected that the capacity building activities will be a collaborative process between the CSLF and involving institutions in the countries where capacity is being built.
 2. Wider implementations in more countries using the lessons learned and processes developed from the pilot implementations.

Capacity building activity will be oriented towards creating the capacity to develop and operate initial projects in participating countries and then enable the country to move to wider implementation.

4. *Resource Development.* Commitments of funding and in-kind services to implement the plan should be solicited from Members, foundations and other potential partners, including industry. Industrial firms, in particular, have the knowledge and capability to make a strong substantive contribution and will ultimately be beneficiaries.

This effort will be led by the Capacity Building Task Force of the CSLF Policy Group with the Secretariat providing administrative support. Ongoing coordination will take place both within and external to the CSLF. Various task forces of both the Policy and Technical Groups will be called upon to devote effort in their areas of expertise.

An Executive Board will oversee the financial aspects of the Capacity Building Program. See Annex A. See Annex B for Frequently Asked Questions on the Program Plan for Capacity Building.

Several organizations outside of CSLF with an interest in CCS have relevant expertise, experience in capacity building and the resources to contribute. These include the GCCSI, the IEA, the World Bank, and the Asian Development Bank. These have already expressed an interest in working with the CSLF on capacity building. Several foundations are also interested in CCS and should be approached.

Schedule

Obtain Initial Commitments	October 13, 2009
Develop Implementation Plan	January 31, 2009
Implementation	January 1, 2010 – June 30, 2013 (Specifics developed in the Implementation Plan)

Annex A

Proposed CSLF Capacity Building Financial Governing Council

Carbon Sequestration Leadership Forum (CSLF) capacity building efforts have been advanced through a series of highly successful workshops supported by financial contributions from CSLF member countries, including Brazil, Mexico, Saudi Arabia and the United States.

Recognizing the need for all CSLF Members to develop the capacity to deploy carbon capture and storage and the unique position of the CSLF to engage in capacity building efforts, the Policy Group, at its June 2009 meeting in San Francisco, directed the Secretariat to develop a robust capacity building program. That program will be launched at the CSLF Ministerial meeting in London. The Capacity Building Task Force will develop and propose capacity building activities to the Policy Group and the program is intended to be actively managed by the Secretariat.

The CSLF will be responsible for raising the significant financial resources needed to implement the program. Potential sources of financing include CSLF member countries, international financial institutions, the private sector and others. In anticipation of this capacity building effort, Australia through the GCCSI recently became the fifth CSLF member to financially contribute to this initiative.

In recognition of the need for accountability in managing a well-financed program, the Secretariat recommends that CSLF Policy Group establish the CSLF Capacity Building Financial Governing Council (Council) for financial contributors. The primary purpose of the Council is to ensure the financial resources available to the program are spent wisely and appropriately. The initial membership of the Council is to include one representative from each of the five donors that have thus far made significant financial contributions to CSLF capacity building efforts. Other donors that make significant contributions will be added to the Council. The Council will be responsible for overseeing financial planning and budget execution and will develop terms of reference for its operation.

Annex B

Frequently Asked Questions on the Program Plan for Capacity Building

Legal aspects:

Question:

Which body stands as the legal entity and thus accountable for handling the financial contribution, the spending and the project work?

Answer:

The CSLF is not a legal entity and thus cannot receive money directly. Financial contributions for use by the CSLF Secretariat for the Capacity Building Program must be made to the U.S. Department of Energy. Expenditure of financial resources will be compliant with standard United States Department of Energy financial rules and regulations. Spending decisions will be made by the CSLF Secretariat with oversight of the CSLF Financial Governing Council for Capacity Building (Council). The Council will consist of representatives from organizations or countries contributing funding.

The Council:

Question:

What will be the decision-making structure and voting procedure of the council?

Answer:

The initial members of the Council will be tasked with developing governance procedures (terms-of-reference) for the Council, subject to approval of the Policy Group.

Question:

Will there be a threshold for participation, i.e. would you have to contribute a certain amount to secure a place in the Council?

Answer:

The threshold for financial contributions necessary to secure a place on the Council will be established in the terms-of-reference. The Secretariat envisages that the threshold be set at US\$100,000.

Question:

What will be the relationship between the Capacity Building Task Force and the Council?

Answer:

The Capacity Building Task Force will continue to develop and revise the Capacity Building Plan, and monitor implementation of that plan. The Council is responsible to provide oversight of expenditures of financial contributions to ensure resources are used effectively and wisely. Both the Council and the Task Force report to the Policy Group. The Secretariat also recommends that the chairman of the Capacity Building Task Force serve as a member of the Council.

Question:

Would observers be allowed to attend Council meetings, even if they do not contribute financially? For example, would the World Bank be able to attend?

Answer:

Yes.

Human resources

Question:

With what resources would the planned work be carried out? e.g. hired staff or consultants?

Answer:

Capacity Building activities will be carried out by a combination of hired staff, consultants, and volunteer contributions from CSLF members and other international organizations involved in capacity building activities, as circumstances dictate.

Question:

What would be the size of the Capacity Building Team at the CSLF Secretariat?

Answer:

Initially, capacity building activities will be carried out as collateral duty responsibilities for existing staff. Ultimately, the size of the capacity building team will depend on the specific capacity building activities agreed upon, and the financial resources available to execute those plans.

Question:

Can you provide any details on the planned procurement process related to the use of external consultants?

Answer:

Procurements will be conducted in accordance with United States and Department of Energy regulations and procedures. The Council may participate in the design of the procurements, evaluation of proposals and review of deliverables.

Question:

Are there any plans to involving people from the countries donating financial resources?

Answer:

CSLF members who donate financial resources are invited to participate on the Council and are invited to participate on, or join the Capacity Building Task Force. It is also anticipated that many capacity building activities will require active participation by willing CSLF members.

Financial contributions:**Question:**

What is the payments procedure?

Answer:

The CSLF is not a legal entity and thus cannot receive money directly. Financial contributions for use by the CSLF Secretariat for the Capacity Building Program would be made to the U.S. Department of Energy via electronic funds transfer.

Question:

Are one-off payments or annual payments preferred?

Answer:

Payment schedules will be defined in the terms of reference. We anticipate the need to accommodate the various funding circumstances of the members.

Budget:**Question:**

What are the considerations behind the annual budget?

Answer:

The annual budget will be determined by the available resources and decisions regarding the best use of those resources.

Question:

Is a breakdown of the spending (e.g. an example budget for an in-depth one-country action plan) available?

Answer:

No budgets are currently available. Once final decisions are made regarding initial activities to be undertaken with available resources, an initial budget will be prepared by the Secretariat in accordance with the Council's direction. It is anticipated that as the CSLF gains experience in conducting various capacity building activities, more comprehensive budgets will facilitate fund raising activities.

Reporting procedures**Question:**

What kind of reporting is envisaged to keep the donors informed of the progress of the Secretariat work on the Capacity Building Program?

Answer:

Financial donors are invited to participate on the Council which will conduct active oversight of capacity building activities. The Council and the Secretariat will file an annual report with the Policy Group and donors.

Other issues:**Question:**

How will the Program be coordinated with other capacity building initiatives, e.g. the World Bank activities?

Answer:

Collaboration with other international bodies is one of the key initiatives in the revised CSLF Strategic Plan. The Secretariat is continuing to meet with the World Bank, the International Energy Agency and the Global Carbon Capture and Storage Institute to define how the organizations can work together on capacity building activities to avoid duplication and combine resources and efforts.

Question:

Has the Secretariat made an initial evaluation of potential countries to be included in the Program?

Answer:

All CSLF members can benefit from capacity building activities and are included in the program, but the focus remains on developing economies. The Secretariat is currently considering in which country (or countries) it might be most appropriate to develop the initial country-specific capacity building plan. Lessons learned from developing and implementing an initial country-specific plan will provide critical insight necessary to develop and execute effective plans for other countries as well as develop accurate budgets for the program.

Question:

How will the outcome from each in-depth country work be made available for others (knowledge sharing)?

Answer:

The outcome from each in-depth country work will be the increased capacity for that country to deploy CCS technology. Lessons learned will improve future capacity building efforts, and materials developed for capacity building efforts will be available to all countries and for future capacity building efforts. Information regarding project specific capacity building activities will be disseminated according to agreed protocols.