



**CSLF-P-2006-10**  
**20 March 2006**  
**Draft**

**POLICY GROUP**

**DRAFT REPORT OF THE TASK FORCE ON FINANCIAL ISSUES**

*Note by the Secretariat*

Barbara N. McKee  
*Tel: +1 301 903 3820*  
*Fax: +1 301 903 1591*  
*CSLFSecretariat@hq.doe.gov*



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## **DRAFT REPORT OF THE TASK FORCE ON FINANCIAL ISSUES**

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### Background

The Task Force on Financial Issues, chaired by India, presented an update of its activities at the September 2005 meeting in Berlin Germany. This Task Force was established by the Policy Group at its September 2004 meeting in Melbourne, Australia. The purpose of this Task Force was to consider financing initiatives related to carbon sequestration. The Task Force presented a report to the Policy Group at its September 2005 meeting in Berlin, Germany and was asked to revisit the issues it raised at the next CSLF meeting. The draft report of the Task Force revisiting these issues is being circulated to the Policy Group with this Note.

### Action Requested

The Policy Group is requested to consider the draft report of the Task Force on Financial Issues.

### Conclusions

The Policy Group is invited to note in the Minutes of its 03 April 2006 meeting that:

“The Policy Group reviewed and considered the draft report of the Task Force on Financial Issues.”

# **Draft Presentation on Financing Issues For Policy Group (CSLF)**

By

R.V. Shahi , Secretary (Power)

Government of India

April, 2006

## **Overview of the Presentation**

- **Introduction.**
- **Need for financing the CSLF projects from a separate fund.**
- **Various options considered.**
- **Suggested option.**

## Introduction

- **CSLF Charter was signed in 2003.**
- **Objective was to encourage collaborative R&D in Carbon Sequestration Technologies.**

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## Need for Financing CSLF projects

- **Collaboration for R&D of CCS technologies needs to be effective by way of associating all the member countries.**
- **To achieve this, there is need for networking of projects which are financed from a common source.**
- **This arrangement would ensure sharing of results of R&D efforts among all the member countries.**

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- **Developing Countries not in a position to make available funds for these R&D projects because of their other pressing developmental needs.**
- **Therefore, there is a need for identifying sources for financing such R&D activities in the developing country members.**

## **Various Options Considered**

- **Possibilities of availing funds for CSLF R&D projects from existing sources like World Bank, IEA, UNEP were explored .**
- **General consensus in London LRF workshop that such an option not feasible.**
- **Need for alternative source of funding.**
- **Melbourne meeting in 2004 entrusted this issue to a Financial Task Force led by India.**
- **Mexico, China, South Africa and Canada along with US & EC being associated with this Task Force.**

- **It has been suggested again to attempt at making CCS projects eligible for support from GEF in reference to recent IPCC Special Report.**
  
- **This option is not considered feasible as :**
  - **GEF does not support research projects per se.**
  - **It could also generate resistance from environment groups as CCS is yet to be accepted as a viable option.**

## Suggested Option

- **Preferable option is to create a separate fund for promotion of CSLF projects in developing countries with suitable contribution from developed country members.**
  
- **Example of US indicating commitment of USD 50 million under Methane to Market Partnership.**
  
- **Under the Asia Pacific partnership on Clean Development and Climate:**
  - **US has agreed to contribute USD 57 million per year for next five years.**
  - **Australia has agreed to contribute AUD 100 million over a period of five years.**

- **CSLF Fund size may be modest to begin with (USD 100 million).**
- **Contribution may be on the basis of a reasonable criteria.**
- **Per Capita CO2 emission could be a basis.**
- **Developing countries could contribute towards the CSLF recognised projects in kind through expert manpower and by using available research infrastructure.**

## Per Capita CO2 Emission

Country	Tones of CO2	Country	Tones of CO2
United States	19.66	Italy	7.47
Australia	17.36	Norway	7.28
Canada	16.93	South Africa	6.65
Netherlands	11.02	France	6.16
Russia	10.43	Mexico	3.64
Germany	10.15	China	2.57
Denmark	9.52	Brazil	1.77
Korea	9.48	Colombia	1.26
Japan	9.47	<b>India</b>	<b>0.97</b>
United Kingdom	8.94	<b>World Avg.</b>	<b>3.89</b>

Source : Key World Statistics (2004) by International Energy Agency

# Thank you

Website of the Ministry of Power  
[www.powermin.nic.in](http://www.powermin.nic.in)