

Opening Remarks
Cape Town meeting of CSLF Financial Issues Task Force
13 April 2008

Anil Razdan
Task Force Chairman

It is my privilege to welcome all participants to the second meeting of the CSLF Task Force on Financial Issues. We had a very fruitful meeting of the Task Force in October last year in New Delhi. The assistance being provided by the CSLF Secretariat to the Task Force has been of immense help. I hope that the Secretariat would continue assisting the Task Force in the future also.

Let me recall that six countries and the European Commission had participated in the two day long meeting in October last year. We also had the benefit of participation of ADB.

The participants shared extensively the experiences in their countries and their viewpoint on how to promote research and development in CCS and related technologies. The deliberations were indeed very useful, frank and informative.

The Task Force has started working with the key objective of fulfilling the mandate of CSLF Charter that the Forum aims at making CCS technologies broadly available internationally. There was also a strong viewpoint in the Delhi meeting that wide availability of intellectual property rights of these technologies at concessional rates for the developing countries would be a critical factor for widespread use of these technologies in order to meet the challenge of climate change.

It is a matter of great satisfaction that there was a broad common understanding in that meeting regarding the main issues. I understand that we had a common approach that fundamental research for further developing these technologies in order to achieve a breakthrough in reduction of their costs was of utmost necessity. There was also a consensus that such R&D needs to be done for various types of coals expected to be used in large quantities for power generation in the coming decades.

There was a common thread in the positions stated by the delegations from different countries on the issue of source of financing the R&D in CCS technologies. Almost every participant felt that public investment in such R&D, to some extent, was unavoidable in view of the initial risks and uncertainties involved and the urgency being felt by the international community to develop the technologies for more environment friendly energy supply.

However, the opinion of the participants on how to structure the international public investment for R&D in these technologies varied from constituting a separate fund to first utilizing the already available international funding opportunities.

A very valid view had also emerged in the Delhi meeting of the Task Force that making available talented manpower in adequate number for the R&D would be as important as the

financing the R&D projects. This strongly supports the proposition that the developing country members could contribute significantly to R&D projects by making available relevant scientific manpower for these projects.

There was also a viewpoint that it will be difficult for the developing country members to divert their financial resources for research in CCS technologies. Developing country members would first like to go for options such as energy efficiency which is more cost effective for immediate action.

The meeting of the Task Force also deliberated on the possible options for conducting the R&D in CCS technologies in a manner that the issue relating to IPRs is addressed effectively. Two options had emerged. Either we can go for buying out the technology through international funding and make it available to the developing countries at a concessional rate or the R&D itself can be taken up with public investment subject to the condition of making available IPRs on concessional terms for the developing countries.

Two specific proposals were floated in the Delhi meeting and the participants were requested to send their comments on these proposals. The proposals were: collaborative R&D is essential and that such R&D will require public funding in part if not in full. I look forward to your specific views on these proposals.

In the meanwhile, the US delegation has gone through the Richard Stern Report titled as “The Multilateral Development Banks and the Climate Agenda”. Though the report provides little information directly related to support for CCS activities, it has given 3 recommendations relating to reducing the emission from thermal power plants. I propose that the Task Force discusses further the options available for mobilizing the support of the international community, particularly the developed countries for making available clean and efficient technologies to the developing countries at affordable prices.

There have been certain positive developments since we met in October last year. The proposals of US, UK and Japan for contributing funds for supporting the developing countries efforts to achieve low carbon growth are being detailed further and some meaningful bilateral dialogues are in progress to understand the viewpoint of the developing countries who have an imperative task of meeting the energy needs of substantial proportions of their population. Energy equity in global energy use must be recognized. Per capita emissions is a fundamental parameter to this concept. The developing countries can barely meet the cost of existing technologies. The differential installation cost of new technologies must be met by the developed countries. We could discuss funding opportunities with a view to examine whether these would meet the requirements of supporting R&D in CCS technologies as well as their installation with active involvement of the developing country members. One way of reducing the cost of these technologies is to set up their manufacture in developing countries.

I look forward to meaningful deliberations in this meeting of the Task Force and hope that we would come out with a financial roadmap for CCS, especially the funding mechanisms for research projects and possibly the modalities for evolving a shortlist of the target R&D projects for meaningful participation of the developing country members.