March 4, 2013

Mr. Brad Page  
Chief Executive Officer  
Global CCS Institute  
Level 2, 64 Allara Street  
Canberra ACT 2601  
Australia

Dear Mr. Page:

Amendment to the Administration Agreement between the Global CCS Institute and the International Bank for Reconstruction and Development and the International Development Association concerning the Carbon Capture and Storage Trust Fund (TF No. TF071379)

1. We refer to the Administration Agreement between the Global CCS Institute (the “Donor”) and the International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”), regarding the Carbon Capture and Storage Trust Fund (the “Trust Fund”) (TF071379) effective as of November 12, 2009, as amended (the “Administration Agreement”).

2. Pursuant to recent discussions between the Donor and the Bank, the Bank proposes to amend the Administration Agreement as follows:

   (1) Annexes 1 to 3 and Appendix 1 attached to the Administration Agreement shall be deleted in their entirety and replaced by the new Annexes 1 to 3 and Appendix 1 attached to this letter of amendment.

3. All other terms of the Administration Agreement shall remain the same.

4. The Bank will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, the Donor consents to disclosure of this Agreement and related information on this Trust Fund.

5. Please confirm your understanding to the foregoing, on behalf of the Donor, by signing, dating, and returning to us one of the enclosed originals of this Amendment.
Upon receipt by the Bank of the original of this Amendment countersigned by you, this Amendment will become effective as of the countersignature.

Sincerely,

International Bank for Reconstruction and Development
International Development Association

Mary Barton-Dock
Director
Climate Policy and Finance Department

CONFIRMED AND AGREED:
GLOBAL CCS INSTITUTE
By: Brad Page 18.3.2013
Name: Brad Page
Title: Chief Executive Officer
ANNEX 1

Description of Activities and Expenditures under the Carbon Capture and Storage Trust Fund

The main objectives of the Carbon Capture and Storage Trust Fund ("Trust Fund") are to (i) support strengthening capacity and knowledge sharing, to create opportunities for certain countries and territories that are eligible to receive official development assistance in accordance with the list published and approved by the Development Assistance Committee of the OECD in August 2009, as amended from time to time ("Developing Countries") to explore its carbon capture and storage ("CCS") potential, access carbon markets and realize benefits of domestic CCS technology development and (ii) facilitate inclusion of CCS options into low-carbon growth strategies and policies developed by national institutions and supported by interventions of the International Bank for Reconstruction and Development and/or the International Development Association (collectively referred to as "Bank"). The Trust Fund will finance the following activities:

A. DESCRIPTION OF ACTIVITIES

1. The Trust Fund shall have the following two core elements guiding its work at the international, regional and national levels regarding CCS: (i) capacity building and knowledge sharing assistance, and (ii) carbon asset creation services. These two core elements are interconnected and would cover five areas of activities: (i) integration of CCS into sustainable development strategies and policies; (ii) building technical and management expertise and skills; (iii) structuring legal & regulatory frameworks and financing mechanisms; (iv) supporting pilot and demonstration activities; and (v) assessment of environmental impacts. All of these activities shall be located in or implemented for the ultimate benefit of Developing Countries.

2. For each of the five areas of activities, a set of exemplary focus components has been identified (see Section 3 below). The focus components are exemplary only and may be updated, supplemented or modified by the Bank, considering prospective outcomes of ongoing and planned activities of other international organizations & institutions, international, regional or national regulatory changes, and other initiatives on CCS-related capacity building and knowledge sharing (e.g., Carbon Sequestration Leadership Forum, Global CCS Institute, International Energy Agency, bi-lateral and domestic initiatives, and others). Activities approved under these focus components will be done so cognizant of ongoing and planned activities and work already undertaken by other in-country and international organizations.

3. Examples of focus components under each of the five areas of activities are the following:

   - Integration of CCS into sustainable development strategies & policies:
     - Assistance for the inclusion of CCS options in the preparation of low-carbon growth strategies and studies by country institutions and/or Bank supported interventions;
Identification of policy issues surrounding the deployment of CCS technology in a developing country context, and design of policy measures to (i) increase confidence about the prospects of CCS technology and its future market potential; and (ii) avoid possible lock-ins due to investment in less efficient power generation technologies and non-“CCS ready” or non “CCS equipped” plants; and

Assistance in preparing policy papers contributing to a deeper understanding of (i) the integration of power generation, industrial production and CCS technologies, as well as their costs; (ii) technical and regulatory barriers to the deployment of CCS; and (iii) contribution of CCS in economic growth opportunities that may be realized.

Building technical and management expertise and skills at the international and domestic levels:

- Strengthening of in country and Bank-wide knowledge and expertise across the CCS chain taking into account region- and county-specific activities and level of country engagement;
- Assistance in preparing energy systems scenarios using available models to analyze the possibilities and implications of the deployment of CCS in specific countries and regions;
- Contribution to the development of institutional capacities at the host country level to enable implementation of CCS policies & regulations to support potential pilot, demonstration and commercial scale activities, and build trust among various stakeholders in terms of safety of CCS;
- Support to knowledge sharing at the regional and country level to facilitate alignment of regulatory and institutional conditions for CCS activities and carbon asset creation;
- Support for the preparation of prefeasibility and feasibility studies on potential demonstration and pilot activities endorsed by national and international stakeholders, thus building expertise in technical aspects of environmental safety and compliance, monitoring and testing protocols across the CCS chain;
- Building knowledge and enhancing proficiency across different technical areas (e.g., chemical and power engineering, and oil & gas exploration) enabling design, development, implementation and management of integrated CCS projects; and
- Support to development of monitoring and verification protocols consistent with the guiding principles outlined by the IPCC, taking into account the work implemented by international expert groups and institutions, and considering potential requirements for CCS activities within climate finance instruments.
• **Structuring of legal & regulatory frameworks and financing mechanisms at the country level:**
  o Assistance in defining principles for CCS regulation & legal models taking into account guiding principles and recommendations of the Intergovernmental Panel on Climate Change (IPCC), the EU Directive approach on geological storage of CO₂, and other national and international models under development;
  o Contribution to drafting of guidelines and regulations to ensure appropriate use of best practices for the implementation and control of CCS applications, site selection and permit allocations;
  o Assistance in preparing a country-tailored "CCS readiness" concept based on international experience and accumulated knowledge;
  o Facilitation of design and incorporation of best-practice CCS safety standards into relevant national systems ensuring their implementation through appropriate liability sharing mechanisms;
  o Developing country- and technology-specific CCS cost assessments;
  o Identification of suitable incentive schemes and financing mechanisms for CCS institutional support, project preparation & implementation globally and at the country level, such as donor funding (bilateral aid, output-based approaches, etc.) and regulatory instruments (e.g., tax incentives, feed-in tariffs, investment credits, carbon tax, carbon market mechanisms, etc.); and
  o Examination of and contribution to the development of new carbon markets instruments (as outlined with regard to the carbon asset creation cross-cutting activities).

• **Support capacity building through pilot and demonstration activities:**
  o Preparation and implementation of early-stage full scale integrated CCS pilot demonstration projects in developing countries that are part of low carbon development strategies and plans endorsed by respective in-country authorities to facilitate the fulfillment of their share in global climate change mitigation efforts. Resources will support incremental financing required for CCS planning & pre-investment, capital costs for CCS units and components, the attainment of licenses in compliance with intellectual property rights, and CCS related post-completion and operational activities;
  o Development of geological site characterization intended for integrated full scale CCS projects, both at the pilot and commercial demonstration scales to maximize knowledge on both near-term and future storage capacities; and
  o Pilot and demonstration activities aimed at reducing the cost of the technology application across the CCS chain (excluding retrofit activities not associated with CCS).

• **Environmental impact assessments:**
  o Design and development of criteria for assessing environmental impacts of CCS operations for country-specific and international environmental guidelines, and the Bank’s safeguard policies;
  o Assistance in developing guidelines for assessing cumulative impacts at the project and regional levels and preparation of recommendations for mitigation measures to be reflected in project-specific environmental mitigation plans;
Mr. Brad Page  

-6-  

March 4, 2013

- Assessment of socio-economic implications at the country and regional levels from the potential deployment of CCS technologies; and
- Building of public confidence with regard to CCS public health and safety concerns through the preparation of communication strategies and public outreach campaigns.

In relation to the above-mentioned examples of focus components under each of the five areas of activities, cross-cutting carbon asset creation work would be undertaken to incentivize CCS deployment in Developing Countries through access to and proper use of carbon market instruments. The carbon asset creation runs across all activity components interlinking the sector- and country-specific capacity building actions described above. This element of the Trust Fund also includes but is not limited to the specific activities outlined below:

- **Develop a CCS methodological guidebook and associated tools:**
  - Explore and develop new “combined/modular” methodological approaches applicable to a variety of potential CCS technologies and applications. These approaches would cover the guidance for the definition of baseline alternatives, project boundaries, monitoring and GHG accounting methodologies for different CCS sectoral applications (e.g., new integrated projects, CCS retrofitting, end-of-pipe CCS technologies in the natural gas sector and manufacturing industries); and
  - Contribute to the development of a balanced performance-based approach to ensure consistency of the guidebook’s recommendations with the evolving best practices and knowledge gained from demonstration projects with a view to creating high-quality CCS carbon assets at acceptable transaction costs.

- **Explore and assist in structuring modalities for CCS inclusion into the UNFCCC framework:**
  - Assist in the creation of CCS carbon assets fungible with other types of carbon units/credits through the development of a harmonized approach to site selection, risk assessment and management, monitoring & verification of CCS activities at the global and regional levels; and
  - Contribute to knowledge sharing and awareness-raising in Developing Countries on CCS-specific institutional requirements and procedures that may be needed to ensure appropriate inclusion of CCS activities into the UNFCCC framework.

- **Prepare CCS-related carbon finance projects and/or investment programs for potential purchase by the Carbon Partnership Facility (CPF):**
  - If CCS activities are included in the UNFCCC framework, then there would be scope for the Trust Fund to finance technical assistance for the preparation of such CCS-related carbon finance projects and/or investment programs. In such instances, the Bank would propose that the CPF considers the inclusion of the CCS-related carbon finance projects and/or investment programs in the CPF portfolio.
B. CATEGORIES OF EXPENDITURE

For Bank-Executed activities the Contributions may be used to finance:

(a) Associated overheads
(b) Consultant fees individuals and firms
(c) Contractual services
(d) Extended term consultants
(e) Field assignment benefits
(f) Media, workshop, conference and meeting
(g) Staff Costs with indirects
(h) Temporary support staff costs
(i) Travel expenses

For Recipient-Executed activities, the Contributions may be used to finance:

(a) Goods
(b) Civil works
(c) Consulting services
(d) Operating costs
(e) Training

The foregoing categories of expenditures may include the financing of taxes.
ANNEX 2

Standard Provisions Applicable to the Carbon Capture and Storage Trust Fund

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Carbon Capture and Storage Trust Fund ("Trust Fund").

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The Contribution shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual Developing Country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contributions may be commingled with other trust fund assets maintained by the Bank.

2.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank's policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.
3. **Administrative Cost Recovery**

3.1 In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex 1 of the Administration Agreements in accordance with the Bank’s applicable policies and procedures shall be charged to the Trust Fund on an actual basis up to a maximum of eight percent (8%) of the total Contributions under all administration agreements of this Trust Fund.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first administration agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this section, which would be effectuated by amendments made to the Administration Agreements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing administration agreements or from new Donors under new administration agreements.

4. **Grants to Recipients**

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreement(s) (“Grant Agreements”) with eligible recipients selected in accordance with the Governance Terms of Annex 3 to this Agreement (“Recipients”) consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements.

5. **Employment of Consultants and Procurement of Services**

The employment and supervision of consultants and the procurement of services financed by the Contributions shall be the responsibility solely of the Bank and shall be carried out in accordance with its applicable policies and procedures. The Grant Agreements shall provide that the Contributions shall be used by the Recipients to finance expenditures for services, in accordance with the World Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of the Grant Agreements.
6. **Accounting and Financial Reporting**

6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.

6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor’s opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the requesting Donor.

6.5. The Bank shall provide the Donors with copies of all financial statements and auditors’ reports received by the Bank from the Recipient[s] pursuant to the Grant Agreements.

6.6. The Donor reserves the right to review and evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs will be borne by the Donor, unless otherwise agreed. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

7. **Progress Reporting**

7.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.1, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.
7.2. The Bank shall promptly inform the Donors of any significant modification to the terms of the Grant Agreements and of any contractual remedy that is exercised by the Bank under the Grant Agreements. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. Disbursement; Cancellation; Refund

8.1. It is expected that the Contributions will be fully disbursed by the Bank by 12/31/2018. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

8.2. Any Donor or the Bank may, upon three (3) months' prior written notice, cancel all or part of the Donor's pro rata share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreements.

8.3. Upon the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contributions to the Donors on a pro rata basis based upon the ratio of each Donor's paid-in Contributions to the sum of all Donors' paid-in Contributions. In the event of a cancellation of an individual Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.2, the Bank shall return such cancelled balance to the Donor on the same pro rata basis.

9. Disclosure

The Bank may disclose this Agreement and information on this Trust Fund in accordance with the Bank's policy on disclosure of information, in effect at the time of such disclosure.
The following governance terms will apply to the Trust Fund:

1. **Steering Committee**

1.1 A Steering Committee ("SC") shall be established to provide guidance and advice to the Bank on the development, implementation and operations of the Carbon Capture and Storage Trust Fund ("Trust Fund"). The SC shall be comprised of two representatives of each Eligible Donor (as defined below).

1.2 Donors providing a minimum contribution of US$1 million to the Trust Fund shall be eligible for a seat on the SC ("Eligible Donors"). Smaller contributions will be accepted but its donors shall not be eligible for a seat on the SC.

1.3 At the first meeting of the SC, the SC shall provide its guidance and advice on the overall objectives, activities and strategic direction of the Trust Fund. Following the first SC meeting, the SC shall hold consultative meetings twice a year to:

   (a) Discuss and provide guidance on the development and implementation of the work program(s);

   (b) Review the status and progress of the operations of the Trust Fund;

   (c) Propose activities regarding the implementation of the work program(s);

   (d) Review and provide advice on the strategic direction of the Trust Fund; and

   (e) Enable Eligible Donors and/or Observers, if any, to exchange any related information.

2. **Observers**

2.1 Upon timely recommendation from any Eligible Donor to FMT (as defined below), FMT may invite observers ("Observers") to attend SC meetings.

3. **Fund Management**

3.1 The Carbon Finance Unit and the Energy Unit of the World Bank's Sustainable Development Vice Presidency shall share the management of the Trust Fund and establish a joint Fund Management Team ("FMT") to be led by a Fund Manager. FMT shall be responsible, among others, for the development of one or more...
work program(s), the strategic direction of the Trust Fund and the selection of activities to be funded by the Trust Fund, with the appropriate representation of the Regional operational departments.

3.2 FMT shall also serve as Secretariat to the SC and, as such, shall organize and invite Eligible Donors and Observers, if any, to SC meetings, facilitate coordination and communication with and among Eligible Donors and/or Observers, if any, and report to Eligible Donors on the operations of the Fund. FMT shall attend SC meetings.

4. Selection of activities

4.1 FMT selects the activities to be funded by the Trust Fund in accordance with the Activity Identification and Implementation Approach attached to this Annex as Appendix 1.

4.2 One or more of the following entities or bodies may propose projects or other activities to be funded by the Trust Fund, provided that such activities are eligible for financing under the terms of the Trust Fund and are located in or implemented for the ultimate benefit of countries and territories that are eligible to receive official development assistance in accordance with the list published and approved by the Development Assistance Committee of the OECD in August 2009, as amended from time to time ("Developing Countries"): 

(a) the Bank’s regional Vice Presidencies, proposals of which shall be based on Developing Country demand;

(b) Developing Countries; and

(c) Eligible Donors, proposals of which may be further discussed by the Bank with relevant Developing Countries.

In selecting activities to be funded by the Trust Fund, FMT shall take into account any proposal made under Section 4.2 above, the guidance and advice received from the SC as well as, to the extent known or brought to its attention by Eligible Donors and/or Observers, other CCS capacity building efforts undertaken by other persons or organizations.
Appendix 1

Activity Identification and Implementation Approach

1. The specific activities to achieve the objectives of the Trust Fund will be identified during in-country consultations and through dialogue with counterparts, taking into account the desired level of engagement in the Developing Country. The in-country consultations may also include discussions on activities proposed by Trust Fund donors. Specific activities will be screened against the Trust Fund objectives and priorities.

2. Priority regions and Developing Countries would be identified in the course of implementation based on the following criteria:

   - Level of dependency on fossil fuels (current and prospective);
   - Potential for early CCS opportunities; and
   - Favorable domestic environment and host government support.

3. In accordance with these criteria, at the design stage, the focus is placed on opportunities for Trust Fund funding in countries that expressed preliminary interest in deploying CCS technology. The types of CCS activities/sectors for CCS Trust Fund-supported work on capacity building and carbon asset creation include but are not limited to the following:

   - CO₂ capture at fossil-fuel fired power plants with prospects of CO₂ injection for enhanced recovery of hydrocarbons (coal bed methane, gas, oil);
   - Use of advanced power generation technologies with potential CO₂ storage piloting;
   - CO₂ capture from gas processing, and other large point industrial sources (cement, iron, steel, chemicals), fuel production and transformation sector with or without potential CO₂ storage piloting; and
   - Identification and assessment of potential storage sites and reservoirs, and optimization of CO₂ transport and storage infrastructure as required under the CO₂ capture readiness concept.

4. Activities to be supported by the Trust Fund will be implemented using Bank implementation instruments such as technical assistance programs, both stand-alone and connected to investment operations (e.g., investment loans, credits and grants) and development policy operations; and analytical advisory activities such as Economic Sector Work and Knowledge Products.

5. The Trust Fund could provide the following level of support contingent upon specific Developing Country demand:

   - CCS-focused workshops and training activities;
   - Regional, country, industry or pilot or demonstration project-specific capacity building activities;
• Preparation of analytical advisory activity pieces on sectoral, technical and economic analysis relate to CCS engagement and deployment; and

• Assistance to prepare and implement CCS pilot and demonstration projects to build technical, regulatory and environmental safety capacity for commercial deployment of CCS technology.

6. In connection with the knowledge sharing objectives of the Trust Fund, all deliverable reports will be made freely available to other countries and organizations contributing to the Trust Fund and to the public subject to the Bank’s disclosure policies, as amended from time to time. In the event that the Bank’s disclosure policies prevent the disclosure of certain reports, the Bank shall produce summaries of these reports, capturing their lessons learned, that are eligible for public distribution.

7. Technical assistance, either stand alone or linked to sector-specific investment (Sector Investment Loans) or Development Policy operations (i.e. Development Policy Loans). Trust Fund activities at the Developing Country level will be shaped to align with the activities of other institutions and initiatives providing CCS assistance, through communication and sharing of information.