

 Early Warning System

**IFC-607385**

**Timor Leste Carbon Capture Storage**



## Quick Facts

<b>Countries</b>	Timor-Leste
<b>Specific Location</b>	Bayu-Undan reservoir
<b>Financial Institutions</b>	International Finance Corporation (IFC)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	U
<b>Voting Date</b>	2023-03-31
<b>Borrower</b>	Government of Timor Leste
<b>Sectors</b>	Climate and Environment, Energy, Law and Government, Technical Cooperation
<b>Investment Type(s)</b>	Advisory Services
<b>Investment Amount (USD)</b>	\$ 1.60 million
<b>Project Cost (USD)</b>	\$ 1.60 million



## Project Description

As stated by the IFC, the Government of Timor-Leste (GoTL) is currently evaluating the development of a carbon capture storage (CCS) hub facility at the depleting Bayu-Undan reservoir, a mature gas and condensate field located in the Timor Sea which has been in production since 2004.

The Bayu-Undan reservoir has the potential to safely and permanently store approximately ten million tons per annum of CO<sub>2</sub>, as estimated by the current operator. The proposed Bayu-Undan CCS reflects GoTL's commitment towards accelerating decarbonization and meeting the Paris Agreement commitments.

In response to GoTL's request, IFC, with cross support from the World Bank, will provide assistance by conducting assessments on legal and regulatory issues and best practices, knowledge sharing and potential fiscal benefit sharing and local participation opportunities through engagement on 4 key components:

1. CCS Knowledge Sharing – Through knowledge reports and workshops, IFC will provide the GoTL with a better understanding of CCS by covering topics such as: CCS technology and project developments; CCS policy, legal and regulatory developments; and CCS economics, carbon markets, business cases, and commercial arrangements;
2. CCS Legal and Regulatory Mapping – IFC will review of the current relevant legislation and regulation in Timor-Leste against international CCS legal and regulatory best practice, international conventions, obligations, and applicable carbon markets and present framework options to assist GoTL.
3. CO<sub>2</sub> Storage Hub assessment and Carbon Markets – IFC will conduct a market assessment for future international CO<sub>2</sub> trade in the Asia Pacific region to understand the potential and competitive positioning of the Bayu-Undan CCS project to become a regional CO<sub>2</sub> storage hub.
4. CCS Fiscal and Benefit Sharing Planning – IFC shall review existing license/production sharing frameworks and fiscal frameworks which could be applied to the CO<sub>2</sub> storage project, to maximize revenues to the country.



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## Investment Description

- International Finance Corporation (IFC)



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## Contact Information

*No project contacts provided at the time of disclosure.*

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