

Press release of the Foundation “Future of the Carbon Market”

11 June 2014

Strong interest in international climate projects

The Foundation “Future of the Carbon Market” promotes innovative emission mitigation projects on a programmatic basis in developing countries. The programmatic approach permits the sustainable promotion of climate protection measures, leading to longer-term and more widespread application of reduction technologies in the host country. The Foundation provides start-up financing for selected programmes and projects in order to demonstrate that the future of the carbon market can be shaped with mechanisms that contribute to the sustainable development of climate-relevant policies in the host countries.

In the current, second round of proposals, the Foundation received a total of 44 applications for funding. The projects were submitted from all regions of the world, with 60% of the applications coming from Africa. Many proposals originate from countries that the OECD defines as *Least Developed Countries*. Due to the economic conditions in these countries, around half of the proposed projects relate to emission reductions in households, including the use of efficient cooking stoves, the treatment of drinking water, the installation of biogas systems or the use of low-emission lighting. However, a relatively large number of projects also aim to reduce emissions arising from land use, either by improving agricultural practices or through the protection and/or development of forests. Other project categories represented include energy generation from renewable sources, methane avoidance (especially in waste and sewage), industrial energy efficiency, fuel switch and transport.

In accordance with the original focus of the Foundation's promotion efforts, most of the proposed projects (around 80%) aim to implement programmes under the *Clean Development Mechanism* (CDM), known as *Programmes of Activities*. The Foundation expanded its promotion criteria this year to also include the selection of programmatic reduction initiatives that are not developed as part of the CDM. Special emphasis is placed on the innovation potential of the projects and the replicability of their emission reductions. With regard to the progress of international climate negotiations, the Foundation also seeks projects that can provide potential case studies for the development of new mechanisms for the carbon market. It is of course a fundamental prerequisite that the initiatives be high-quality projects in terms of both their economic and technical feasibility and their positive socio-economic impact.

The average reduction potential of the proposed projects is about 250,000 tonnes of carbon dioxide per year. Overall, the programmes and projects submitted can help to avoid more than ten million tonnes annually.

The Foundation is currently evaluating the project proposals. In the current round of funding, three projects will be selected to receive start-up funding for implementation. Up to EUR 2 million can be granted per project. This usually takes the form of an advance payment on the acquisition of emission-reduction certificates. The selection process is based on the Foundation's funding priorities, which are described in detail in the funding guidelines. The funded measures must be economically viable and realisable with the help of certificate sales. For the Foundation, the top priority is the additionality of the reduction measures in terms of their incremental benefit for international climate protection. These and other information are available on the Foundation's website (www.carbonmarket-foundation.org).

About the Foundation

The Foundation "Future of the Carbon Market" was established as part of the International Climate Initiative (ICI) of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). The emission certificates from the sponsored climate protection projects cannot be used for trading to meet national climate protection obligations. Instead, the certificates are cancelled and thus contribute to Germany's more ambitious goals for international climate protection.

Contact

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