

***Foundation Future of the Carbon Market takes decision to not support CDM PoAs any longer.***

The Foundation *Future of the Carbon Market* supports the implementation of programmatic approaches in the context of carbon markets. One of the key principles for setting up the Foundation has been the assumption that programmatic approaches are better suited than single projects to foster sustainable development in the host countries and to mainstream sustainable development into national climate policies. To achieve this objective, the Foundation has relied since its inception on the respective international mechanisms under the UNFCCC, but has also considered supporting other mechanisms (such as national mechanisms) provided that these mechanisms achieve similar benefits as those under the UNFCCC and meet relevant environmental integrity criteria.

The Foundation considers the programmatic approach as key for the development of the new *cooperation mechanisms* under the *Paris Agreement*. Experiences with the programmatic approach of the CDM as well as with the standardization of baselines that have been gained in the past (and which can still be gained in the coming years) are an important basis for the scaling-up of approaches under Article 6 of the Paris Agreement, their inclusion in national policies as well as the consideration of the new mechanisms in the context of national mitigation targets as part of the Nationally Determined Contributions (NDCs).

However, insecurities related to the future of the CDM and the lack of a legal basis on which Certified Emission Reductions (CERs) can be issued after 2020 make the initiation of new CDM Programmes of Activities an unattractive business proposition. This situation detrimentally affects carbon finance opportunities in developing countries as it discourages project developers to continue their engagement in CDM activities.

For the Foundation this means that its principle purpose – the granting of advance payments for project development and implementation against the forward commitment of the sale of emission reductions – cannot be achieved in the required scale needed for financing and completion of CDM Programmes of Activities (PoAs). It is furthermore highly unlikely that other buyers can be identified to purchase CERs beyond the Foundation's engagement. Given these circumstances, **the Foundation has decided to not support CDM PoAs any longer**. This decision does of course not affect current contracts of the Foundation.

The Foundation regrets to be forced to take this decision and hopes that the continuation of the CDM projects can be appropriately negotiated under the conditions of the Paris Agreement. Moreover, the Foundation wants to explicitly emphasize that this decision only concerns the granting of advance payments in the context of CDM PoAs. There will be no limitation with regards to granting support for the PoA concept in general and the respective methodological work.