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25th Conference of Parties- Madrid Talks

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This article is based on **“Saving the planet - in three acts”** and **“Why ‘carbon market’ is debated”**. It talks about the reasons for failures of CoP-25 Madrid talks.

The discussions in the 25th Conference of Parties (CoP-25) of the **UN Framework Convention on Climate Change (UNFCCC)** which was held in Madrid (Spain) (**longest meet in the UNFCCC’s history**) from 2-15 December, have largely been labelled to be “disappointing” and “unfortunate” by the small and vulnerable countries and civil society organisations. The CoP failed to build consensus on key issues for meeting the **Paris deal’s** goal of keeping global mean temperature rise under 2 degrees celsius.

What was the agenda of CoP-25?

As the countries were all set to move from pre-2020 under the **Kyoto protocol** to post 2020 under Paris deal. The agenda of Madrid talks were focused on 3 aspects of current climate change negotiations:

- **Unambitious Actions:**

- The Madrid talks were expected to nudge all countries to scale up their commitments (Nationally Determined Contributions or NDCs) under the Paris deal.
- According to the **United Nations Environment Programme's (UNEP) Emissions Gap Report 2019** even if all countries do what they had agreed in the NDCs, the global temperature would increase by 3.2°C by 2100.

- **Unfulfilled Financial Commitments:**

- The talks were expected to push for the formulation of new finance mechanism for climate change.
- As instead of the promised \$100 billion (by developed countries) in climate financing by 2020, multilateral climate funds (for developing countries) approved was only \$10.4 billion for mitigation during 2013-18 and adaptation funding was at \$4.4 billion.

- **Unsold carbon credits:**

- There are **4 billion unsold certified emissions reductions** (CERs) under the **Clean Development Mechanism (CDM)**. Not paying for them had undermined confidence in carbon markets.
- Therefore, developing countries have pushed for carryover of millions of unsold carbon credits from clean development mechanism (CDM) under the Kyoto Protocol to the new carbon markets to be developed after 2020.

What were the contentious issues?

The Madrid talks hit a roadblock when developing countries led by India, China and Brazil argued that **they would not support revising their NDCs without a similar call by developed countries to honour their past commitments.**

Issues of Contention

- **Carryover Certified Emissions Reductions:**

- Under the Kyoto Protocol, only developed countries and developing countries entered into **Clean Development Mechanism**.
 - In the initial phase, some of the developed countries were interested in buying CERs from projects in India or China.
 - However, in the last few years, several countries walked out of the Kyoto Protocol, and the remaining members did not feel compelled to fulfil their targets.
 - As the demand for CERs crashed, countries like India were left with projects generating CERs with no one to buy them.
- India has about 750 million unsold CERs and, along with other similarly placed countries, wants these credits to be valid in the new mechanism too.
- However, developed countries are opposing it on the ground that the rules and verification procedures under the Kyoto Protocol were not very robust. They want the new mechanism to start with a clean slate.

- **Double Counting, or corresponding adjustment:**

The new mechanism envisages carbon credits as commodities that can be traded multiple times among countries or private parties.

- It is important to ensure that in this process, credits are not counted at more than one place; whoever sells carbon credits should not simultaneously count these as emissions it has reduced.
- The developing countries argue that the country that reduced emissions should be able to show it even after selling the credits, and that adjustments should be made only for subsequent transfers, if any.

Way Forward

- Countries tabling long-term strategies and enhanced ambition must also report how far their plans are frontloaded and what checks and balances are in place to ensure that they get implemented.

- Since not enough is happening to combat greenhouse gas (GHG) emissions, and this is when millions in developing countries still need to secure their **right to basic energy security**. In this context:
 - Developed countries should pay the **one-time payment for unpaid CERs**. Such a settlement would preserve the integrity of a post-2020 emissions trading market.
 - **New carbon trading mechanism** should be framed to incentivise countries to do more at home and then to buy whatever remains through global trading systems.
 - A **new deal on technology transfer and finance** is needed so that **high-potential horizon technologies** (renewables-derived hydrogen for industry; carbon capture storage and utilisation; other carbon dioxide removal methods) should be made accessible to developing nations.

Climate change is upon us, so world leaders require a resolution on climate change at the CoP-26) to the United Nations Framework Convention on Climate Change (UNFCCC) to be held in Glasgow next year.

Drishti Mains Question

A reformed focus on finance, technology and transparency related to climate issues in international relations is important for the renewal of collective climate action. Critically analyse.
