

The Hindu Important News Articles & Editorial For UPSC CSE

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The COP16 summit on biodiversity, held in Cali, Colombia, aimed to advance global biodiversity conservation goals but exposed challenges, particularly around financing and monitoring.

- ➔ Notable outcomes included the establishment of the Cali Fund and increased representation of Indigenous voices.
- ➔ However, significant financial gaps hinder progress towards achieving the 2030 biodiversity targets.

Will financial roadblocks continue to hinder conservation efforts?

A big bone of contention at the COP16 was the mobilisation of resources to meet the Kunming-Montreal Global Biodiversity Framework target of \$700 billion a year for biodiversity conservation by 2030, including \$30 billion from developed countries. But pledges at COP16 totalled \$163 million

Aparna Sundaresan
Indu K. Murthy

The 16th meeting of the Conference of the Parties (COP16) to the U.N. Convention on Biological Diversity recently concluded in Cali, Colombia. Representatives from U.N. countries tried to negotiate measures to halt and reverse biodiversity loss by 2030, which threatens both human well-being and the stability of human societies. A key sticking point was who'd pay for implementing these measures and how much.

A highlight of COP16 was the engagement of Indigenous people and local communities – but otherwise it raised a big red flag: it revealed countries are not on track to meet the “30x30” target, which calls for the world to protect 30% of the world's land and oceans by 2030.

How much of a setback is this?

The highs of COP16

Inclusive decision-making: Negotiators reached a landmark agreement to establish a permanent body made up of Indigenous people and members of local communities and agreed this body's inputs would have to be included in decisions about biodiversity conservation. The move is intended to protect traditional knowledge systems and strengthen their representation and participation in policymaking.

At COP16, negotiators also recognised the role of people of African descent in conserving nature and made sure to include them in biodiversity initiatives and help integrate their traditional knowledge and conservation practices into global efforts.

Biodiversity funding: COP16 established a framework called the ‘Cali Fund.’ It obligates major corporations – particularly in the pharmaceutical and biotechnology sectors – to share the financial benefits they derive from using genetic resources with the communities that nurture those resources. Companies have to contribute 0.1% of their revenue or 1% of their profits from products developed using genetic information to the fund. This figure could potentially exceed \$1 billion a year and should help support biodiversity conservation projects and benefit local communities.

Half of the money from this fund will be allocated to Indigenous communities to help conservation efforts and to acknowledge their contributions to biodiversity. Contributions to the fund are voluntary, but it is a critical step towards more equitable benefit-sharing in the realm of biodiversity, especially considering the challenges surrounding global financing for biodiversity initiatives.

Biodiversity defence: COP16 also proposed guidelines to manage invasive alien species, a direct driver of biodiversity loss, by developing new databases, improving cross-border trade regulations, and enhancing coordination with e-commerce platforms. This decision emphasises the need for technical support, capacity building, and international cooperation across developing countries.

Momentum for finance: Negotiators also agreed to a new and upgraded process to identify ‘Ecologically or Biologically



A view of the closing session at the COP16 summit in Cali, Colombia, November 1, 2024. GABRIEL RODRIGUEZ/REUTERS

Significant Marine Areas’ (EBSAs), which are critical and vulnerable parts of the ocean. This process has faced various political and legal hurdles since its inception in 2008; COP16 revived it by agreeing on mechanisms to update existing EBSAs and identify new ones.

One Health: The Global Action Plan on Biodiversity and Health established at COP16 underscores the need for a holistic ‘One Health’ approach, which calls for a collective focus on ecosystem, animal, and human health. By addressing the common drivers of biodiversity loss and poor health, such as deforestation and climate change, the plan aims to prevent zoonotic diseases, reduce non-communicable diseases, and promote sustainable ecosystems. It also encourages partnerships among health professionals, conservationists, and policymakers to develop tools and measures to track the progress of biodiversity plus health initiatives.

Innovating with caution: Redesigning organisms or creating new biological systems (synthetic biology) was an important topic of discussion at COP16. Applications – including bioengineered species for ecosystem restoration or sustainable materials to reduce resource strain – are promising because they can address environmental challenges. However, researchers have raised concerns over the risks involved and the unintended ecological effects of introducing synthetic organisms that could disrupt ecosystems, affecting natural species.

Countries' representatives also discussed regulatory frameworks to manage these risks and ensure a balance between innovation and conservation.

The lows of COP16

Among the unresolved issues at the meeting, financial commitments and a lack of a monitoring framework are at the forefront.

Uphill battle for finance: A big bone of contention was the mobilisation of financial resources to meet the

Redesigning organisms or creating new biological systems was an important topic of discussion at COP16. Applications – including bioengineered species for ecosystem restoration or sustainable materials to reduce resource strain – are promising because they can address environmental challenges

Kunming-Montreal Global Biodiversity Framework (GBF) target of \$700 billion a year for biodiversity conservation by 2030, including \$30 billion from developed to developing countries. But pledges at the conference totalled only \$163 million.

Disagreements over the governance and distribution of funds led to an impasse, with discussions on financial mechanisms being suspended without resolution. This was because developing nations advocated for a dedicated global nature fund for conservation, whereas wealthy nations blocked the proposal due to concerns over fund structure and the idea that existing frameworks were enough to meet financial needs.

Monitoring and implementation: Implementing the GBF was another key issue at COP16, but progress was limited. Only 44 of the 196 countries submitted an updated National Biodiversity Strategies and Action Plan (NBSAP) review framework for evaluating their progress through a ‘global stocktake.’ Many countries have still not submitted their NBSAPs. The lack of a mandatory enforcement framework could weaken the goal.

India at COP16

India unveiled its updated NBSAP at COP16, outlining a roadmap for biodiversity conservation efforts aligned with the GBF. The updated plan aims to halt and reverse biodiversity loss by 2030 and achieve harmonious coexistence with

nature by 2050 through a ‘Whole-of-Government’ and ‘Whole-of-Society’ approach.

India is challenged with balancing conservation with economic growth. So the updated NBSAP outlines 23 national biodiversity targets and emphasises a transformative approach to biodiversity conservation and ecosystem restoration. In particular, it focuses on inter-agency cooperation, financial solutions, and involving community members in restoring degraded ecosystems, protecting wetlands, and sustainably managing marine and coastal areas.

Looking ahead

Establishing inclusive decision-making bodies and frameworks for benefit-sharing shows progress. But without adequate financial commitments and robust monitoring mechanisms, reaching the 2030 targets will be difficult.

While nations reflect on the outcomes of COP16, it is clear that conserving biodiversity is crucial for environmental health, socio-economic resilience, and climate stability. For nations like India, where biodiversity is deeply tied to cultural heritage and economic stability, the stakes are particularly high.

Governments must set ambitious targets and take steps to translate these into actionable, measurable, and time-bound goals. Transparency in reporting and shared knowledge systems are vital for tracking progress and addressing gaps. As the world looks forward to COP17 in Armenia next year, collaborative action and cross-border efforts could make or break our ability to beat the triple planetary crises of pollution, climate change, and biodiversity loss.

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COP16 Overview and Key Concerns

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- ➔ The 16th Conference of the Parties (COP16) to the U.N. Convention on Biological Diversity concluded in Cali, Colombia, with countries negotiating measures to halt and reverse biodiversity loss by 2030.
- ➔ A central issue was the financial responsibility for implementing these measures, as biodiversity loss impacts human well-being and societal stability.

Positive Outcomes of COP16

- ➔ **Inclusive Decision-Making:** COP16 established a permanent body including Indigenous people and local communities, ensuring their inputs are included in biodiversity conservation decisions.
- ➔ **Recognition of African Heritage:** The role of people of African descent in biodiversity conservation was recognized, with efforts to integrate their knowledge and conservation practices.

Biodiversity Funding – Cali Fund:

- ➔ A 'Cali Fund' was established to support biodiversity conservation, funded by contributions from major corporations in the pharmaceutical and biotechnology sectors.
- ➔ Companies are required to contribute 0.1% of revenue or 1% of profits from products derived from genetic resources, potentially generating over \$1 billion annually.
- ➔ Half of the funds are allocated to Indigenous communities to acknowledge their contributions to biodiversity.
 - **Biodiversity Defence:** COP16 proposed guidelines to combat invasive alien species, focusing on developing databases, improving trade regulations, and collaborating with e-commerce platforms.
 - **Marine Conservation – EBSAs:** Negotiators agreed to update and identify Ecologically or Biologically Significant Marine Areas (EBSAs), which are essential for ocean health.
 - **One Health Approach:** The Global Action Plan on Biodiversity and Health aims for a holistic approach to ecosystem, animal, and human health, addressing drivers of biodiversity loss and health issues like zoonotic diseases.
 - **Synthetic Biology:** Discussions on synthetic biology highlighted potential benefits for conservation but emphasised the need for regulatory frameworks to manage ecological risks.

Challenges and Setbacks

- ➔ **Financial Gaps:** The goal of mobilising \$700 billion annually for biodiversity by 2030, including \$30 billion from developed to developing countries, remains unmet, with only \$163 million pledged.
- ➔ **Monitoring and Implementation Issues:** The lack of a robust monitoring framework hampers progress, with only 44 out of 196 countries submitting updated National Biodiversity Strategies and Action Plans (NBSAPs).

India's Role at COP16

- ➔ India presented an updated NBSAP, aiming to halt biodiversity loss by 2030 and achieve coexistence with nature by 2050.
- ➔ The plan emphasises inter-agency cooperation, financial solutions, and community involvement in restoration efforts.

Looking Forward

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- ➔ COP16 highlighted progress in inclusive decision-making and benefit-sharing frameworks, but significant financial and monitoring challenges remain.

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The COP29 summit in Baku addresses urgent climate issues through discussions on funding, emissions pledges, and international carbon markets.

- ➔ Key terms like UNFCCC, NDCs, and Article 6 highlight global efforts to mitigate climate change and support developing nations.

UNFCCC (United Nations Framework Convention on Climate Change)

- ➔ Established in 1992, the UNFCCC is a global treaty to combat climate change by reducing greenhouse gas emissions and adapting to climate impacts.
- ➔ Nearly 200 countries have signed the UNFCCC, committing to meet climate-related goals.
- ➔ It serves as the framework guiding international climate policy and agreements, including the Kyoto Protocol and Paris Agreement.
- ➔ The UNFCCC secretariat organises annual COP meetings to facilitate progress toward these goals.

COP (Conference of the Parties)

- ➔ The COP is an annual meeting of nations that have signed the UNFCCC treaty, held to assess progress on climate action.
- ➔ Each COP meeting gathers representatives to negotiate global climate goals, share scientific insights, and develop solutions to climate issues.
- ➔ COP29 in Baku is the 29th such gathering, following the UNFCCC's entry into force in 1994.
- ➔ These summits play a key role in addressing global challenges, such as emissions reduction and climate adaptation.

NCQG (New Collective Quantified Goal on Climate Finance)

- ➔ The NCQG sets a climate finance target specifically to aid developing nations in their climate adaptation and mitigation efforts.
- ➔ This goal is revisited and updated as global needs evolve; COP29 is expected to focus on setting this new quantified goal.
- ➔ It represents a move beyond the \$100 billion climate finance target established in 2009.
- ➔ The NCQG aligns developed countries' financial commitments with the growing urgency of climate impacts in vulnerable regions.

NDC (Nationally Determined Contributions)

- ➔ NDCs are national climate action plans under the Paris Agreement, outlining each country's targets for reducing greenhouse gas emissions.
- ➔ They include strategies for both mitigation and adaptation, reflecting each country's unique capacities and circumstances.



The COP29 summit venue in Baku. ALEXANDER NEMENOV/AFP

A guide to COP29 climate summit jargon

Reuters

With U.N. climate talks tackling complex topics from energy policy to global financial aid, the annual summit has developed its own ever-growing lexicon. Here's a guide to some of the terms in play at this year's COP29 discussions.

UNFCCC: This acronym stands for the United Nations Framework Convention on Climate Change, which is the name of both the 1992 treaty committing nearly 200 countries to fighting global warming and the secretariat set up to implement that treaty.

COP: This acronym stands for Conference of Parties, and describes the annual summit of countries that have signed the UNFCCC treaty. This year's COP29 meeting in Baku marks the 29th such gathering since the UNFCCC took effect in 1994.

NCQG: This relatively new acronym will be focal at COP29. It stands for the New Collective Quantified Goal on Climate Finance, an annual target for funding developing country climate efforts.

NDC: Most often, these NDCs or Nationally Determined Contributions are referred to simply as "country pledges" and describe national action plans for reducing its emissions and adapting to climate impacts. The next round of NDCs are due in February, though some countries plan to submit new plans in Baku.

GLOBAL WARMING: The term describes the gradual increase in the global average temperature.

CLIMATE CHANGE: While this term is often used interchangeably with "global warming," it means something different. Climate change describes global warming as well as its consequences, such as extreme weather events.

GREENHOUSE GASES: These gases, sometimes referred to simply as GHGs, are able to trap solar heat in the atmosphere and cause global warming. The most powerful GHGs are methane (CH₄) and carbon dioxide (CO₂), which are also referred to as "carbon emissions" because both molecules contain carbon. The world's excess carbon emissions come mostly from the burning of fossil fuels and other industrial activities.

NET ZERO: This term does not mean releasing zero emissions, but rather releasing no more than the amount being recaptured by CO₂ abatement technologies, tree planting, or other means. Reaching "net zero" would mean atmospheric GHG concentrations stop increasing.

LOSS AND DAMAGE: Governments last year pledged \$800 million toward a new 'loss and damage' fund to help poorer nations being hit by climate-fueled disasters. The fund, which now has a director and a host nation, will now be deciding how the funds should be dispersed and calling for more contributions at COP29.

CARBON OFFSET: Also known as a "carbon credit," these instruments allow a country or company to compensate for some of their carbon emissions by investing in projects to bring emissions down elsewhere.

ARTICLE 6: This term refers to a provision in the Paris Agreement on carbon offsets, and is used as shorthand for UNFCCC efforts to regulate international trading in carbon credits. Governments are hoping to resolve rules for trading carbon offsets at COP29 to allow for these markets to become operational.

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- NDCs are submitted every five years, with the next submissions expected in February, potentially previewed at COP29.
- These pledges are essential to tracking global progress toward limiting global warming to 1.5°C or 2°C above pre-industrial levels.

Global Warming

- Global warming refers to the steady increase in Earth's average surface temperature, primarily due to human activities.
- The phenomenon is largely driven by the accumulation of greenhouse gases like CO₂ and methane in the atmosphere.
- Warming temperatures are linked to widespread consequences, including sea-level rise, ice melt, and disrupted ecosystems.
- Global warming is a primary driver of climate change and a central issue at UN climate discussions like COP29.

Climate Change

- Climate change encompasses global warming as well as the resulting shifts in weather patterns, such as storms, droughts, and temperature extremes.
- It includes both natural and human-induced changes, although recent changes are predominantly driven by human activities.
- Climate change impacts ecosystems, agriculture, water resources, and human health.
- Unlike "global warming," climate change emphasizes the broader consequences of rising temperatures on planetary systems.

Greenhouse Gases (GHGs)

- Greenhouse gases trap solar radiation in the atmosphere, leading to global warming.
- Key GHGs include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), primarily from fossil fuel combustion, agriculture, and industrial processes.
- Reducing GHG emissions is central to climate mitigation efforts, as outlined in the Paris Agreement.
- COP discussions often focus on limiting these emissions to curb further temperature increases.

Net Zero

- Achieving net zero means balancing emitted greenhouse gases with those removed from the atmosphere through methods like carbon capture and reforestation.
- The goal does not require zero emissions but a net-neutral impact to prevent further increases in atmospheric GHG levels.
- Many nations have set net-zero targets, generally aiming for 2050, to limit global warming.
- COP discussions often focus on pathways to achieve net zero, crucial for stabilizing climate systems.

Loss and Damage

- Loss and damage refer to the financial resources required to address the irreversible impacts of climate change on vulnerable nations.

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- ➔ COP28 saw the establishment of an \$800 million fund to assist poorer nations facing climate disasters.
- ➔ At COP29, this fund's administration, host country, and strategies for effective disbursement are key discussion points.
- ➔ Loss and damage is a contentious issue, with developing countries demanding greater financial support from wealthier nations.

Carbon Offset

➔ Complete Details About

- A carbon offset, or carbon credit, allows organizations to compensate for emissions by investing in emissions-reduction projects elsewhere.
- These projects can include reforestation, renewable energy initiatives, and carbon capture.
- The offsets provide a market-based solution for companies to meet carbon reduction targets while continuing some emissions.
- At COP29, governments aim to formalize international rules for trading these offsets to ensure transparency and accountability.

➔ Article 6 (Paris Agreement)

- Article 6 provides the framework for voluntary cooperation among nations in meeting climate goals through carbon markets.
- It sets guidelines for trading carbon credits, ensuring environmental integrity and transparency.
- Countries can achieve part of their NDCs by purchasing credits from others that have exceeded their targets.
- At COP29, discussions focus on establishing operational rules for Article 6, which could enhance global cooperation on emissions reduction.

The COP-29 in Baku is addressing climate finance, particularly the carbon credits framework amid ongoing disagreements between developed and developing nations.

- ➔ India's 2023 Nationally Determined Contributions (NDCs) focus on establishing a domestic carbon market to meet climate goals.
- ➔ Ensuring credibility and global alignment of this market is essential for its success.

Giving shape to India's carbon credit mechanism

The Conference of Parties-29, from November 11 to 22, 2024, in Baku, Azerbaijan, is about to shift focus to the heated discussion on the aspect of climate finance again. An essential component of this discussion will be the carbon credits framework and disagreements over it between developed and developing countries. India updated its Nationally Determined Contributions (NDCs) in 2023 to underline, among other things, the establishment of a domestic carbon market as a part of its climate strategy. The Energy Conservation (Amendment) Act of 2022 provided a statutory mandate for such a Carbon Credit Trading Scheme (CCTS). Through this, India aims to align its climate commitments under the Paris Agreement with broader economic goals. Yet, for the market to truly support these objectives, it must be meticulously designed to ensure credibility, efficiency, and fairness. From global experiences, India must incorporate two pivotal lessons in its carbon market framework for long-term success.

Upholding integrity of carbon credits

At the heart of any carbon market lies the integrity of its carbon credits. The global experience has seen the repercussions of inadequate accountability in credit generation, leading to instances of greenwashing. This issue is pronounced in the voluntary carbon market (VCM), where investigations have exposed overstatements of project benefits, especially within the forestry sector. A similar risk is feared in India's voluntary carbon market operationalised under the Green Credit Programme (GCP). The tree plantation guidelines released by the government under the GCP were criticised for perpetuating greenwashing by encouraging non-scientific tree plantation. It is also feared that under the CCTS, projects may fail to ensure "additionality", a critical measure ensuring that emission reductions exceed those of a business-as-usual scenario.

To navigate these challenges, India must enforce rigorous protocols to verify the authenticity of generated carbon credits. A



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India's carbon credit mechanism needs to be aligned with international and domestic realities if it is to be effective

proposed national registry would be a robust mechanism to track carbon credits and address potential double-counting issues. Additionally, independent third-party verifiers can play a crucial role in assessing the additionality and permanence of carbon reduction projects. By emulating international best practices from entities such as the IETA or Gold Standard that have greatly emphasised the generation of carbon credits, India can cultivate a high-integrity market, attracting domestic and global investors.

Alignment with global standards

India's carbon market must also harmonise with international carbon trading mechanisms, notably Article 6 of the Paris Agreement. Article 6.2 facilitates countries in achieving their climate objectives through Internationally Transferred Mitigation Outcomes (ITMOs), making compliance a critical aspect for participating nations. The Article 6 rulebook, finalised at the COP26 summit in Glasgow, outlines how countries can engage in carbon trading while upholding environmental integrity.

For India, this means incorporating mechanisms to prevent the double counting of credits, a crucial step to maintain the credibility of global emission reduction efforts. India can align its market with domestic and international standards by integrating transparent systems for accounting emissions reductions and carbon credit transfers. Such alignment and a focus on global best practices will enable India to contribute to global emissions reductions while actively safeguarding national interests.

One of the critical aspects is ensuring environmental integrity, specifically under Article 6.2, which establishes a framework for countries to cooperate on climate mitigation efforts through international carbon markets. The World Bank's "Ensuring Environmental Integrity under Article 6 Mechanisms" report emphasised maintaining robust environmental integrity within carbon markets, especially under the Paris Agreement's Article 6 framework. It highlights that carbon markets risk double-counting emissions reductions without stringent safeguards, which

can dilute the credibility of climate commitments. The report stressed that high governance, verification, and accountability standards are necessary to avoid "low-quality" carbon credits from entering the market.

Focus on disclosure

Ensuring transparency is one mechanism to ensure compliance and conformance with such standards. To enhance transparency and uphold environmental integrity within India's carbon credit system, it is imperative to have comprehensive disclosure of project details, including carbon reduction techniques, benchmarks and third-party verification reports, on a centralised, easily accessible platform. Ensuring that projects adhere to stringent additionality criteria guarantees that the credits reflect real, additional emissions reductions. Regular audits are essential for verifying the sustainability of these projects. Oversight by independent auditors approved by the Bureau of Energy Efficiency (BEE) in India is crucial, alongside real-time tracking of credit transactions to boost accountability and provide insights into the type of projects and their environmental impacts.

The Voluntary Carbon Markets Integrity Initiative (VCMI) framework introduces a tiered system for companies to assess carbon credit claims. This is to ensure the credibility of carbon offset claims, aiming to enhance market transparency. However, implementation faces challenges, especially within India's CCTS initiatives, due to potential transparency issues and the high costs of establishing monitoring, reporting, and verification systems. These costs could deter smaller projects initially.

India's carbon credit mechanism, albeit nascent, demands stringent enforcement and an alignment with international and domestic realities to be effective. By focusing on transparency and integrity, India has the opportunity to not only provide for a more mature carbon market but also to stimulate its climate finance aspirations, paving the way for practical, sustainable development.

Overview of COP-29's Focus on Climate Finance and Carbon Credits Framework

- ➔ The Conference of Parties (COP-29), taking place in Baku, Azerbaijan from November 11 to 22, 2024, will prioritise discussions on climate finance, with a significant emphasis on carbon credits.

Daily News Analysis

- ➔ India's climate strategy has evolved, updating its Nationally Determined Contributions (NDCs) in 2023 to establish a domestic carbon market supported by the Energy Conservation (Amendment) Act of 2022.
- ➔ India's Carbon Credit Trading Scheme (CCTS) aims to align the country's climate goals under the Paris Agreement with its broader economic objectives.

Lessons from Global Carbon Markets

- ➔ To ensure the success of its carbon market, India must consider two critical lessons: upholding carbon credit integrity and aligning with global standards.

Upholding Integrity of Carbon Credits

- ➔ **Importance of Integrity:** The credibility of carbon credits is fundamental to a successful carbon market. Global markets have faced issues of greenwashing, particularly within the voluntary carbon market (VCM).
- ➔ **Risks of Greenwashing in India:** India's voluntary carbon market, operationalized through the Green Credit Programme (GCP), faces similar risks, especially in forestry-related projects. Critics argue that the program's guidelines lack scientific rigour and may lead to ineffective environmental benefits.
- ➔ **Ensuring Authenticity:** To counter these risks, India must implement strict verification protocols to ensure the authenticity of carbon credits. Creating a national registry to prevent double-counting and involving independent third-party verifiers for assessing projects' additionality and permanence are recommended measures.
- ➔ **Learning from Global Standards:** Drawing from the International Emissions Trading Association (IETA) and the Gold Standard, India can enhance its market's integrity and attract both domestic and international investors.

Aligning with Global Standards

- ➔ **Importance of Harmonization:** For effective participation in the global carbon market, India must align its framework with Article 6 of the Paris Agreement.
- ➔ **Role of Article 6.2:** Article 6.2 provides a framework for Internationally Transferred Mitigation Outcomes (ITMOs), allowing countries to meet their climate goals via carbon trading.
- ➔ **Preventing Double Counting:** To maintain credibility, India's carbon market should incorporate mechanisms that prevent double counting of credits.
- ➔ **Global Standards and Accountability:** Adopting transparent systems for tracking emissions reductions will help India meet international standards and contribute to global climate goals while safeguarding national interests.

Focus on Transparency and Disclosure

- ➔ **Need for Comprehensive Disclosure:** Transparency in India's carbon credit system can be enhanced by centralising information on project details, carbon reduction techniques, and verification reports.
- ➔ **Ensuring Additionality:** Adherence to rigorous additionality standards will ensure that the credits reflect genuine emissions reductions.

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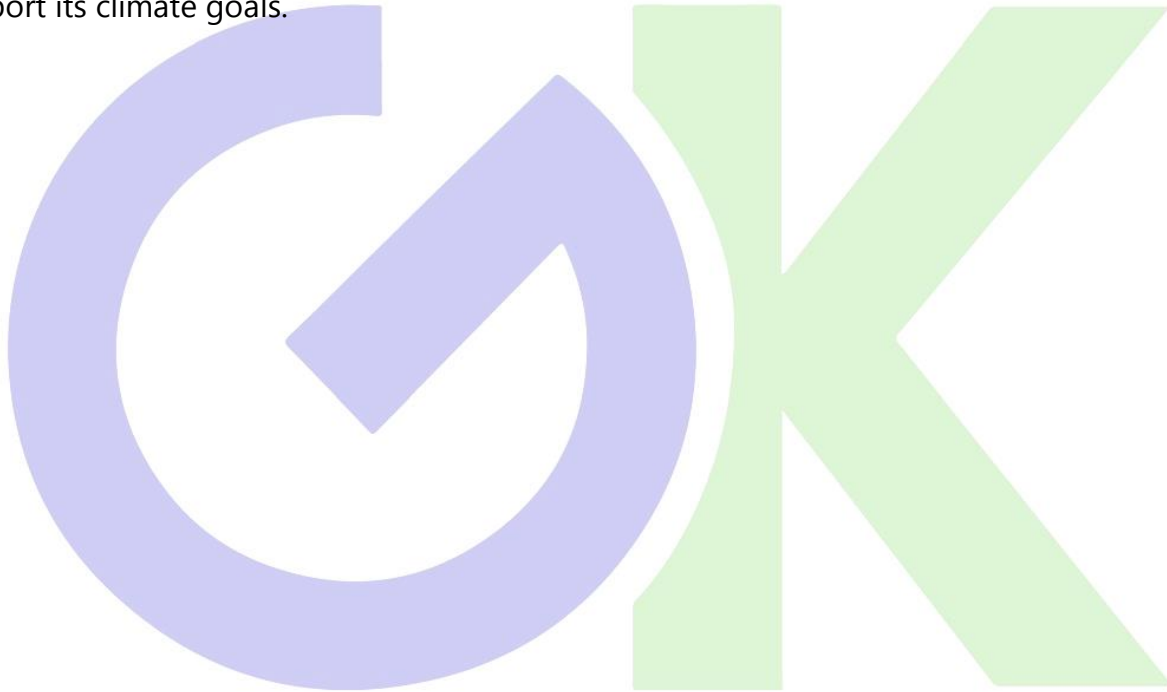
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- ➔ **Third-party Verification and Audits:** Regular audits and oversight by independent, BEE-approved auditors are essential for verifying project sustainability and tracking credit transactions in real-time.
- ➔ **Challenges of Transparency:** Implementing such transparency mechanisms poses challenges, including high costs for monitoring, reporting, and verification, potentially limiting smaller projects in the early stages.

Strengthening India's Carbon Credit Mechanism

- ➔ While still in its infancy, India's carbon market has the potential to support the nation's climate finance objectives and promote sustainable development.
- ➔ By prioritising high standards for transparency and integrity, India can mature its carbon market and support its climate goals.



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The European Central Bank (ECB) is developing a digital euro as a state-backed alternative to existing digital payment methods like credit cards and cryptocurrencies.

➔ This move aims to strengthen Europe's economic sovereignty and reduce reliance on foreign payment systems.

The underbelly of Europe's digital euro

The ECB has presented this central bank digital currency, the digital euro, as a new, better alternative for citizens: free, anonymous, and reliable. But this does not convey its actual purpose

Peter Schadt

The European Central Bank (ECB) has been working on a digital currency for some time now; its "preparation phase" commenced in November 2023. This currency is meant to be the government's alternative to existing cashless options such as credit cards, apps, cryptocurrencies, and bank transfers. People can use the digital euro to pay directly from a digital wallet, on a smartphone or computer, without involving a bank or payment gateway. Depending on the end device, the money can be transferred via Bluetooth, a browser extension or a smartphone contact.

The digital euro differs from other types of digital payment options because the ECB issues it directly. Indeed, this central bank digital currency is expected to be an infrastructure that the ECB manages, making it possible to process national and international payments between citizens and companies quickly and cost-effectively. It will also be used for micro payments, which are currently disproportionately expensive thanks to banks' and payment-service providers' conventional cost structures. The cost-neutral digital euro effectively allows for new business models. The ECB has thus presented this as a new, better alternative for citizens: free, anonymous, reliable. But this is not the truth about the purpose of digital currency.

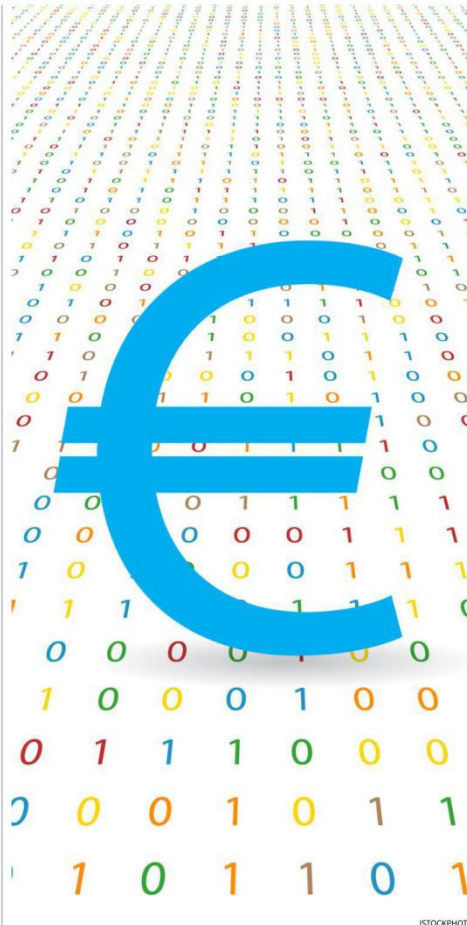
The decisive difference

Anyone who buys with cash has abstract wealth in the form of printed paper that changes hands. With paper money, the seller holds a state guarantee that the bill of exchange also counts as such wealth. According to Karl Marx, this money, which is "the universal substance of existence for all, and at the same time the common product of all", is the "real commonwealth" of capitalist society. In this practically validated commonwealth, money is not an aid to production but its ultimate purpose: things are only produced if and insofar as they prove their worth in bringing money-value into existence.

In such a society, in which buying and selling are not marginal phenomena but the form of its general metabolism, a temporary lack of money shouldn't bring all social transactions to a grinding halt. Accordingly, banks have been granting loans long before there was digital access to personal accounts. What used to be the promissory bill is now a number in an app on your phone.

Anyone who pays by digital bank transfer, PayPal, etc. is already moving away from abstract wealth in the form of cash and towards digital certificates. PayPal therefore guarantees the seller that the buyer's bank will provide her with the money to pay for the product.

This is the decisive difference from the digital euro: it will not be used to digitally exchange debt claims between different financial service providers that are intermediaries between buyers and sellers. Instead, it is a digital version of legally valid cash. In November 2023, the EU Commission clarified the digital euro will be open to all citizens and won't be



ISTOCKPHOTO

limited to settling bills of exchange in interbank transactions.

Consolidation of private property

On the one hand, the digital euro is nothing but a collection of zeros and ones, bits and bytes, like the characters on our banking apps. On the other, we shouldn't be fooled: this similarity doesn't alter the fundamental difference in the political economy of the digital euro and debt to the bank. In contrast to the digital book money of the banks, the new currency is just cash in a technically new form and thus introduces the possibility

of direct payment in the digital space. This emancipates the sphere of circulation on the internet from financial service providers and allows direct transactions between users.

There are also technical consequences. While payment transactions with debt relationships to banks or financial service providers such as PayPal can only be processed via the internet, the digital euro also allows offline payments.

As offline payments are supposed to be anonymous, public opinion often emphasises that the new digital currency "can keep up with the anonymity of

cash", as e-euro expert Tobias Weidemann says. Anonymity is certainly possible with the right technical design but it can't be the principal motivation to develop the digital euro.

The list of good reasons for the digital euro are derived from the justifications for money I.O. The euro's functional definition, as a tool for private owners who may find it difficult to sell their goods or buy others' without money, is repeated with digital money: "It would be just as practical at flea markets or in classified ads as it would be among friends when they are settling accounts for a joint undertaking," per Mr. Weidemann.

In each case, private property is first assumed and money is then presented as practical so that its circulation is guaranteed. This is a circular argument: money as abstract wealth is nothing other than the objectification of private property in pocket size. Money is not only practical but practically necessary in a society in which everything is subject to the service of property.

The ECB presents the advantages of the new currency in three steps. The first headline claims "money is evolving". This is of course a lie with which the ECB simply claims its monetary policy ambitions as an intrinsic necessity of modern currencies and thus sells it as a necessary evolutionary stage. This is also advertising in the spirit of justification: one's own action is the midwife of an evolution that is coming, midwife or not.

It follows this with the well-known reinterpretation of money as a technical achievement, which in its digital version would do more to "make life easier", a practical experience that probably only really applies to those who don't only depend on money in principle to live but also have enough of it. But it is precisely these people who are at stake when smart contracts are to be concluded with the digital euro.

Contribution to Europe's sovereignty

The ECB's move is to strengthen the home of the euro through its digital variant. This is the imperialist twist: technical emancipation from financial service providers that are not headquartered in the EU and threaten to dominate digital payment options. The ECB claims a "digital euro would ... contribute to the competitiveness and resilience of our payments landscape vis-à-vis payment service providers from non-European countries."

Herein lies the rub: because it is not Europe's own financial service providers that have prevailed as a digital payment alternative in the competition between financial capitalists, the EU wants to use a state alternative to prevent the digital circulation sphere from becoming dependent on U.S. capital.

But the European Union's claim is not limited to this defensive prevention of foreign influence. Because the digital euro would be one of the first currencies available as a virtual means of payment, the EU hopes to destroy some of the business of foreign competitors as well. This strengthening of the euro, on its way to becoming world money used to do business everywhere in the digital sphere, is its political-economic claim.

It is better not to confuse this competition between the leading imperialist nations for a globally recognised currency with one's own interest in shopping more easily on the internet. In this respect, those who understand the digital euro as a simplification of their lives and those who fear the "transparent consumer" are both wrong. It's simply not about the effects of the currency on citizens.

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Digital Euro: Overview

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Daily News Analysis

- ➔ **Purpose:** The digital euro is a central bank digital currency (CBDC) being developed by the European Central Bank (ECB) to offer an alternative to current cashless payment methods like credit cards, apps, and cryptocurrencies.
- ➔ **Launch:** The preparation phase began in November 2023, with the goal of creating a state-issued, cost-effective payment system.

Key Features

- ➔ **Direct Payments:** It allows users to make payments directly from a digital wallet without involving banks or payment gateways, using Bluetooth, browser extensions, or smartphones.
- ➔ **Centralised Control:** Unlike digital currencies like cryptocurrencies, the digital euro is issued and managed by the ECB.
- ➔ **Micro Payments:** Aims to reduce costs for small transactions which are currently expensive due to intermediaries.

Advantages

- ➔ **Anonymity:** It can allow anonymous offline transactions, maintaining cash-like features in the digital world.
- ➔ **Sovereignty:** Strengthens Europe's monetary sovereignty by reducing dependence on foreign payment systems, such as those from the U.S.
- ➔ **Competition:** The digital euro also aims to compete with foreign digital payment systems, asserting Europe's economic influence globally.

In News : Hokersar Wetland

Lack of water due to excess deficit rainfall at the Hokersar wetland in the Kashmir Valley in recent years has impacted the arrival of migratory bird populations in the region.



About Hokersar Wetland:

- It is known as the 'Queen Wetland of Kashmir', Hokersar (also known as Hokera) is a designated Ramsar site located in Srinagar, Jammu and Kashmir.
- It is a natural perennial wetland contiguous to the Jhelum basin.
- It gets water from the Doodhganga River (Tributary of Jhelum).
- It is located in the northwest Himalayan biogeographic province of Kashmir, back of the snow-draped Pir Panchal.
- Fauna: It is the only site with remaining reedbeds of Kashmir and a pathway of 68 waterfowl species like Large Egret, Great Crested Grebe, Little Cormorant, Common Shelduck, Tufted Duck and endangered White-eyed Pochard,

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- ➡ It is an important source of food, spawning ground and nursery for fishes, besides offering feeding and breeding ground to a variety of water birds.

What is the Ramsar Convention?

- ➡ This convention was signed on 2nd February 1971 to preserve the ecological character of their wetlands of international importance.
- ➡ It is named after Ramsar, the Iranian city where the treaty was signed in 1971, and places chosen for conservation under it are given the tag 'Ramsar site'.



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Page : 09 Editorial Analysis
Ending discrimination in prisons

On October 3, the Supreme Court in *Sukanya Shantha v. Union of India* (2024) reaffirmed the principle of non-discrimination in Indian prisons. The rules in jail manuals segregating prisoners based on caste was at the heart of this challenge. They were struck down for perpetuating caste discrimination and violating the fundamental rights of prisoners. Previously too, courts have often set aside prison rules that classified prisoners and treated them differently. Where the basis was either irrational, arbitrary, or a prohibited ground, it could not withstand the scrutiny of the equality code under Articles 14 and 15 of the Constitution.

No arbitrary segregation
A distinction based on social status of prisoners was dealt with by the Supreme Court in *Prem Shankar Shukla v. Delhi Administration* (1980). The Punjab Police Rules distinguished under-trial prisoners as 'better class' and 'ordinary'. Only the 'better class' were exempted from wearing handcuffs. The Court reasoned that it was completely irrational for the state to assume that an indigent prisoner was more dangerous to the society than an affluent one. Economic and social considerations could not be the basis for classifying prisoners for the purposes of handcuffs. The provisions were held to be unconstitutional.

The Bombay High Court in *Inacio Manuel Miranda v. State* (1988) was faced with a different type of segregation affecting the prisoners' right to write in prison. The Goa, Daman and Diu Prisoners Rules treated prisoners differently for writing welfare letters. 'Class-I prisoners' could write four letters per month, but 'Class-II prisoners' could only write two. This was held unreasonable and discriminatory, affecting the convict's right to be treated equally in their freedom of expression. The Court followed its



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While the Supreme Court did away with caste discrimination in prisons, incorporating basic amenities in prisons by Amending the Model Prison Manual 2016 will ensure a minimum dignified life inside prisons

previous decision in *Madhukar Bhagwan Jambhale v. State of Maharashtra* (1984) where a prohibition on writing letters to co-prisoners, imposed by the Maharashtra Prison Rules, was struck down as having no logical basis and unduly inhibiting the prisoners' constitutional rights.

A principle that resonated with the Court was that the prison itself could not strip the prisoners of rights they would otherwise be entitled to. Non-discrimination was one such right. The most recent decision of the Supreme Court in *Sukanya Shantha* brought about the starkest case of prison segregation. Here, caste hierarchy was the basis of classification for labour inside prisons. This meant that only prisoners of certain 'marginalised castes' were given cleaning and sweeping jobs, and others were given jobs like cooking. The State Prison Rules stated that these castes were "accustomed to performing such duties". This classification had no connection with the individual ability or qualification of the prisoner and did not aid reformation. It perpetuated caste identity and prevented an equal opportunity to reform. The State Prison Rules and similar executive decisions were therefore set aside as discriminatory under Articles 14 and 15, with directions to the States to undertake amends.

The way forward

In another case, three petitions came before the Calcutta High Court, which were decided together in August 2012 (*Gaur Narayan Chakraborty and Others*). The main issue before the Court was whether Maoists who were waging a war against the state using arms, and who were charged under the Unlawful Activities (Prevention) Act, 1967, and other special statutes, could be treated as political prisoners. The trial court had rejected this demand of the petitioners in accordance with the West Bengal Correctional Services (WBCS) Act, 1992, on the premise that they

were members of a banned terrorist organisation, and their activities were not for the common good of the people, but for the revolution with arms.

However, the High Court, after discussing municipal and international viewpoints on the political offences and interpreting the WBCS Act on the classification of prisoners, reached the conclusion that "the believers of any kind of political movement are to be acknowledged as political prisoners and thus, it cannot be held that those who participate in unlawful activities cannot be recognised as political prisoners".

Though the Supreme Court did not have occasion to decide the special leave petition arising from this decision on merit, the Calcutta High Court's judgment is significant for highlighting a similar right of prisoners to be treated in a dignified manner.

The High Court noticed that a person classified as a political prisoner is entitled to a few amenities, such as a chair, table, light, iron cot, mattress, pillow, blanket, and mirror. He is entitled to cooking, services of a barber, writing material, and a newspaper, and is also permitted to receive books from his relatives. These facilities are a part of the basic human rights to which every prisoner ought to be entitled. The Court said these amenities should not be restricted to political prisoners. It suggested that the state administration re-look into the classification of prisoners and provide basic amenities to all. A slight improvement in the living conditions of prisoners in itself would erode the classification which the WBCS Act acknowledges.

While the Supreme Court's recent judgment did away with caste discrimination inside prisons, incorporating basic amenities in prisons by suitably amending the Model Prison Manual 2016 will not only blur other distinctions, but will also ensure a minimum dignified life inside prisons.

GS Paper 02 : Governance

UPSC Mains Practice Question: Examine the importance of ensuring non-discriminatory and dignified treatment for prisoners in India. How does the recent Supreme Court ruling on caste-based segregation in prisons contribute to upholding constitutional rights? (150 words/10m)

Context :

- The Supreme Court's judgement in *Sukanya Shantha v. Union of India* (2024) reaffirmed prisoners' right to non-discrimination, specifically abolishing caste-based segregation in labour assignments.
- This follows a judicial trend against arbitrary prison classifications violating constitutional rights. The judgement underscores the need for dignity and equality in prison treatment standards.

Supreme Court Ruling on Non-Discrimination in Prisons

- In *Sukanya Shantha v. Union of India* (2024), the Supreme Court reaffirmed the right to non-discrimination for prisoners, striking down jail rules that segregated prisoners based on caste.
- This ruling emphasised that caste-based segregation violated fundamental rights under Articles 14 and 15 of the Indian Constitution.
- The judgement is part of a broader judicial trend rejecting prison classifications that discriminate based on arbitrary or irrational grounds.

Previous Cases Against Arbitrary Prison Classification

- In *Prem Shankar Shukla v. Delhi Administration* (1980), the Supreme Court ruled against class-based discrimination in handcuffing prisoners. It found it irrational to presume that poorer inmates were more dangerous than wealthier ones.
- The *Inacio Manuel Miranda v. State* (1988) case saw the Bombay High Court deeming discriminatory rules on the number of letters different classes of prisoners could write as unconstitutional.
- Similarly, in *Madhukar Bhagwan Jambhale v. State of Maharashtra* (1984), the Bombay High Court struck down rules preventing communication among prisoners, deeming them baseless and restrictive of prisoners' rights.

Caste-Based Segregation in Prison Jobs

- In *Sukanya Shantha*, the Supreme Court addressed caste-based segregation in prison labour assignments. State prison rules mandated that marginalised caste prisoners perform cleaning tasks, while others were assigned cooking jobs.
- The Court found this classification perpetuated caste-based prejudice, preventing equal opportunity for reform.
- It was held unconstitutional under Articles 14 and 15, with the Court directing states to eliminate such discriminatory practices.

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Rights of Political Prisoners

- ➔ In Gaur Narayan Chakraborty and Others (2012), the Calcutta High Court ruled that Maoists charged under anti-terror laws should be recognized as political prisoners, despite state opposition.
- ➔ Political prisoners were granted amenities under the West Bengal Correctional Services (WBCS) Act, including access to writing materials, reading materials, and cooking privileges.
- ➔ The High Court recommended that similar facilities should be available to all prisoners, advocating a dignified standard of treatment for inmates.

Moving Forward: Dignity and Basic Amenities for All Prisoners

- ➔ The Supreme Court's recent decision against caste discrimination inside prisons highlighted the need for dignified treatment of prisoners, regardless of classification.
- ➔ To ensure this, the Model Prison Manual 2016 could be amended to provide basic amenities for all prisoners, eliminating unnecessary distinctions and enhancing prison conditions.
- ➔ Such reforms would reflect a commitment to minimum dignified living standards, reinforcing prisoners' rights within the justice system.