

Carbon Markets and Climate Goals

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Carbon Markets and Climate Goals: India's Strategy Post-COP29

Introduction

The **29th Conference of the Parties (COP29)** in **Baku, Azerbaijan**, focused on **climate finance** and advancing **Article 6 of the Paris Agreement**.

A key outcome was the implementation of **Article 6.2**, which enables **Internationally Transferred Mitigation Outcomes (ITMOs)**—a system where:

- Developed countries **invest in emission-reduction projects** in developing countries.
- Developing nations gain **financial and technological support** for clean energy.
- Both sides benefit—one meets climate targets, while the other accelerates sustainability.

This mechanism **promotes international cooperation** and lowers the cost of emissions reduction.

How Article 6.2 Benefits India

India, as a **fast-growing economy and a major emitter**, faces the challenge of **balancing development with climate commitments**. Through **Article 6.2**, India can:

- **Attract global investment** for clean energy projects.
- **Leverage foreign technology** for carbon reduction.
- **Expand its carbon credit market**, building on initiatives like the **Carbon Credit Trading Scheme (CCTS) - 2023**.

India has identified **14 key sectors** for ITMO transactions, including **renewable energy, green hydrogen, and energy storage**. Partnerships with **Japan, South Korea, and the EU** can enhance these efforts.

Challenges & Solutions

Challenges:

- Developed nations might **buy carbon credits instead of cutting their own emissions**, shifting the burden to India.

- **Over-reliance on ITMO sales** could affect India's ability to meet its own climate goals.
- **Transparency issues** could lead to double counting or unfair credit distribution.

Solutions:

- **Fair agreements** ensuring financial and technological benefits for India.
- **Strong monitoring and governance** to prevent misuse of carbon credits.
- **Investment in domestic clean energy projects** to balance economic growth with sustainability.

Conclusion

With **careful implementation**, **Article 6.2** can help India **unlock climate finance, strengthen global partnerships, and lead in clean energy markets**, ensuring both economic and environmental progress.



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