

Bangladesh Carbon Market Framework

Md Harun Or Rashid
Department of Environment
Ministry of Environment, Forest & Climate Change
Bangladesh



Carbon Market Framework: Objective and Scope



The objective of the Framework is to:

- provide guidance and principles for implementation of mitigation activities in Bangladesh that are eligible for participation to carbon markets;
- provide the necessary processes and procedures for operationalizing Article 6 engagement;
- create incentives to support GHG emission reduction and removal targets in line with Bangladesh's Nationally Determined Contributions (NDCs); and
- provide guidance on benefit sharing, fee structure and contributions.



The Framework shall apply to participation in

- Article 6.2 of the Paris Agreement on voluntary Cooperative Approaches for the implementation and ambition raising of the NDCs.
- Article 6.4 - Paris Agreement Crediting Mechanism.
- The Voluntary Carbon Market that utilizes standards which require authorization for NDC use, International Mitigation Purposes and/or Other International Mitigation Purposes.

Framework Structure

- Consists of 09 chapters -
 - ❖ Chapter 1: Introduction
 - ❖ Chapter 2: Governance and Institutional Arrangements
 - ❖ Chapter 3: General Criteria for Participation in Carbon Markets
 - ❖ Chapter 4: Eligibility Criteria for Article 6 Mitigation Activities
 - ❖ Chapter 5: Mitigation Activity Project Cycle Procedure
 - ❖ Chapter 6: Integration of Voluntary Carbon Market Projects
 - ❖ Chapter 7: Designated Operational Entities
 - ❖ Chapter 8: National Carbon Registry
 - ❖ Chapter 9: Fees, Share of Proceeds & Overall Mitigation in Global Emissions
- Templates and Checklists included in the Annexes
 - ❖ Article 6 Framework's sample letters, templates and forms
 - ❖ Due diligence checklists
 - ❖ Lists of validation and verification bodies, designated operational entities and third-party entities

Article 6 Institutional Arrangement

- The Ministry of Environment, Forest and Climate Change (MoEFCC) is the Focal Point on behalf of the Government of Bangladesh.
- Issued a Gazette Notification on the Bangladesh Article 6 Designated National Authority (A6 DNA) formation on 27 June 2024.
- The DNA consists of 03 following body
 - ❖ A6 DNA Governing Board
 - ❖ A6 DNA Technical Committee (TC)
 - ❖ A6 DNA Secretariate

Bangladesh Article 6 DNA Structure

A6 Designated National Authority (DNA)

A6 DNA Governing Board

1.	Secretary, Ministry of Environment, Forest and Climate Change	Chair
2.	Representative, Planning Commission, Ministry of Planning	Member
3.	Representative, Economic Relations Division, Ministry of Finance	Member
4.	Representative, Ministry of Foreign Affairs	Member
5.	Representatives, relevant line ministries related to projects (for example, Power Division, Energy & Mineral Resources Division, Road Transport and Highways Division, Ministry of Railways, Ministry of Shipping, Local Government Division, Ministry of Industries, Ministry of Agriculture, etc.)	Member
6.	Director General, Department of Environment	Member
7.	Joint / Deputy Secretary, Climate Change Wing, MoEFCC	Member Secretary

Key Functions of Governing Board

- Approve rules, methodologies, templates, tools
- Decide on whether to approve projects and issue HCA
- Decide on whether to issue, authorize and transfer ITMOs and A6.4ER
- Decides on corresponding adjustments to avoid double counting
- Supervise and give guidance to the A6 DNA Secretariat

Bangladesh Article 6 DNA Structure (...continued)

A6 Designated National Authority (DNA)

A6 DNA Secretariat

A6 Technical Committee

1.	Director General, Department of Environment (DoE)	Chair
2.	Joint/Deputy Secretary, Climate Change Wing, MoEFCC	Member
3.	Representative, Bangladesh University of Engineering and Technology	Member
4.	Representative, University of Dhaka	Member
5.	Representatives, relevant line agencies/departments related to projects (for example, PDB, SREDA, BRTA, DTCA, BFD, DPHE, LGED, DAE, City Corporations, etc., and individual Carbon Credit Experts)	Member
6.	Representative, Chambers of Commerce & Industry (FBCCI)	Member
7.	Director (Climate Change and International Convention), DoE	Member Secretary

Key Functions of A6 Technical Committee

- Review proposed rules, methodologies, templates, tools
- Review and recommend to the GB on approval projects and issue HCA
- Assess the impact of issuance, authorization and transfer ITMOs and A6.4ER

Climate Change & Int'l Convention Wing of Department of Environment will assist the DNA as Secretariat of it

Bangladesh Article 6 DNA Structure (...continued)

A6 Designated National Authority (DNA)

A6 DNA Secretariat

Key Functions of the DNA Secretariat

- Provide secretarial support to the Governing Board and the Technical Committee.
- Receive authorization, issuance and transfer request from Article 6 activity/project proponents
- Conduct completeness check based approved rules and guidelines.
- Issuance of HCA, Article 6 credits, authorization, and transfer of ITMOs and A6.4ER after approval of the Governing Board
- Maintain the Article 6 Registry System
- Maintaing list of eligible verifiers based on approved rules

General Criteria for Participation in Carbon Markets

- The general criteria and guiding principles inform Bangladesh's public and private sector about participation in the compliance and voluntary carbon markets to ensure that
 - ❖ Mitigation activities are consistent with the country's Nationally Determined Contribution (NDC 3.0),
 - ❖ Uphold environmental and social integrity, and
 - ❖ Contribute to long-term low-emission development.
- The Carbon Market Framework is designed as a living document that will be updated from time to time based on the learnings and to align with the future NDCs.

General Eligibility of Mitigation Activities

- Mitigation activities must be aligned with Bangladesh's NDC:
 - ❖ Mitigation activities must achieve additional, real, measurable and verifiable mitigation results contributing to NDC achievement.
 - ❖ Only mitigation activities that fall under Bangladesh's NDC conditional target or are outside its NDC scope can generate and transfer authorized Internationally Transferable Mitigation Outcomes (ITMOs) if all requirements are met.
 - ❖ If mitigation activities are beyond the NDC Commitment of Bangladesh, the mitigation activity must be included in the sectors covered by the latest BTR National GHG Inventory Report.
- Mitigation activities seeking Article 6 authorization must be aligned with broader principles and national policy agendas:
 - ❖ They must be designed, implemented, and monitored in a manner to ensure environmental integrity principles and alignment with Sustainable Development Goals (SDGs) of Bangladesh and/or national policies.

Criteria for Positive List

Bangladesh intends to proactively identify activity types that are highly beneficial for the country according to four key criteria.

1. NDC Linkage	2. Higher Abatement Cost	3. Inclusion in Bilateral Agreements	4. Low risk of overselling
The mitigation activities must not be part of the unconditional commitment of the NDC of Bangladesh.	Mitigation activities with higher abatement cost will be prioritized for the Positive List since international resources are needed to develop such activities .	Priority areas included in Bilateral Agreements with Participating Parties under the Cooperative Approach of Article 6.2.	Mitigation activities with low risk of overselling.

Criteria 1 must be met by the proposed mitigation activity to be included in the Positive List. The A6 Designated National Authority (DNA) will review the type of mitigation activity against the remaining criteria to include the mitigation activity in the Positive List on a case-to-case basis.

Positive List of Mitigation Activities

Sector	List of Measures
Energy	<ul style="list-style-type: none"> • Implementation of renewable energy projects • Implementation of solar irrigation pumps • Waste to electricity generation projects • Reduce loss from electricity transmission and distribution system • Replace liquid fuel-based peaking capacity powerplant with cleaner alternative, including battery storage • Modal shift from road to MRT/Metro Rail • Bus rapid transit (BRT) projects • Electric vehicle and charging systems • Non fired brick technologies • Clean cooking using electric cookstoves, LPG cookstoves and tier 3 biomass cookstoves • Low carbon water purification technology application • Gas leakage reduction from natural gas transmission and distribution system
IPPU	<ul style="list-style-type: none"> • Implement CCUS technology in industries
Waste	<ul style="list-style-type: none"> • Landfill gas management in new or existing landfills that would have entered or flared methane gas without utilization for energy generation • Waste-to-energy (W2E) involving gasification, anaerobic digestion and anaerobic treatment of solid and liquid waste • Organic waste composting to avoid methane emissions from biomass or other organic matter that would have otherwise been left to decay anaerobically in a solid waste disposal site, an animal waste management system or in a wastewater treatment system

Positive List of Mitigation Activities (...continued)

Sector	List of Measures	
AFOLU	<ul style="list-style-type: none"> • Alternate Wetting and Drying (AWD) in rice cultivation • Nitrous oxide emission reduction from nitrogen-based fertilizer • Improvement of fertilizer management • Biochar production from agricultural waste • Methane emission reduction from enteric fermentation through feed improvement • Methane and nitrous oxide emission from manure management • Blue carbon projects in marine and coastal ecosystems 	<ul style="list-style-type: none"> • Improved manure management through promotion of small-scale biogas plants • Biochar from manure • Vermicomposting of manure • Afforestation and reforestation in the coastal areas, islands, and degraded areas • Restore the deforested forests at the hill and plain land sal forest • REDD+ projects
Technology Transfer	<ul style="list-style-type: none"> • Energy storage (for REs) • Green Hydrogen • Emerging mobility solutions like fuel cells • High end technology for energy efficiency • Sustainable Aviation Fuel 	<ul style="list-style-type: none"> • Best available technologies for process improvement in hard-to-abate sectors • Tidal Energy, Ocean Thermal Energy, Ocean Salt Gradient Energy, Ocean Wave Energy and Ocean Current Energy • Green Ammonia

Criteria for Negative List

Mitigation activities in the Negative List shall not be authorized and therefore will not be eligible to issue ITMOs and/or A6.4ERs for international transfer. Therefore, corresponding adjustments shall not be applied.

There are two key criteria for mitigation activities to be considered in the Negative List for Bangladesh:

1. NDC linkage

Mitigation activities included in the unconditional commitment of the NDC of Bangladesh

2. Non-compliance with Bangladesh's SDGs, or environmental and social safeguards

Any mitigation activities that do not comply with Bangladesh's SDGs , or environmental and social safeguards

Eligible Carbon Crediting Standards

No.	Carbon Crediting Standards	Market
1.	Paris Agreement Crediting Mechanism (PACM) under Article 6.4	Compliance
2.	Bilateral/ Multilateral Cooperative Approach under Article 6.2 - <ul style="list-style-type: none">• Joint Crediting Mechanism with Japan• Standardized Crediting Framework supported by the World Bank's Carbon Initiative for Development (Ci-Dev)• Cooperative Approach under the MoU between the Government of Bangladesh and the Government of the Republic of Korea on the Implementation of Article 6 of the Paris Agreement• Any new Cooperative Approach, approved and signed by the Government of Bangladesh	Compliance
3.	Voluntary Carbon Standard (VCS)	Voluntary
4.	Gold Standard (GS)	Voluntary
5.	Global Carbon Council (GCC)	Voluntary
6.	Architecture for REDD+ Transactions (ART)	Voluntary
7.	American Carbon Registry (ACR)	Voluntary

The mitigation activity proponents can choose **pre-authorized carbon crediting standards** to develop their projects.

Eligible Methodologies

Article 6.2 engagement

Bangladesh pre-approves methodologies under the following existing international crediting standards:

- Applicable approved methodologies under the Clean Development Mechanism (CDM) and /or PACM.
- Applicable approved methodologies under pre-approved carbon crediting standards

Bangladesh may also set up a formal process to approve new methodologies, helping to further enhance this the Carbon Market Framework over time.

Paris Agreement Crediting Mechanism (PACM)

The UNFCCC Article 6.4 Supervisory Body will develop and/or approve methodologies and standardized baselines for Article 6.4.

Stakeholders intending to develop mitigation activities under Article 6.4 should ensure that they are quantifiable and can be monitored according to the list of approved, validated and published PACM methodologies.

Integration of Voluntary Carbon Market (VCM) Projects

The Framework provides guidance in the following four cases regarding VCM projects:

1. VCM projects without corresponding adjustment	2. VCM projects with corresponding adjustment	3. Issuance of CORSIA-labelled credits	4. Migration of VCM projects to Article 6
<p>These VCM projects are not subject to the requirements of the Framework.</p> <p>The projects must however be listed in the National Carbon Registry.</p>	<p>VCM projects seeking authorization to generate Article 6-labelled carbon credits (with corresponding adjustment) are covered by the Framework.</p> <p>They must comply with all criteria and requirements of the Framework.</p>	<p>VCM projects seeking to generate CORSIA-labelled credits in addition to the Article 6-label with authorization from host countries are covered by the Framework.</p> <p>They must comply with all criteria and requirements of the Framework.</p>	<p>VCM projects seeking migration to Article 6 need to follow the same provisions as VCM projects with corresponding adjustment.</p> <p>They need to de-register from their carbon standard.</p>

National Carbon Registry

- ❖ Bangladesh will establish the Bangladesh Carbon Registry for
 - Transparent and secure issuance, transfer, and tracking of ITMOs and
 - A6-labelled verified emissions reductions, in compliance with Article 6.2 guidelines.
- ❖ The functions of the Registry include -
 - hosting,
 - registration,
 - issuance,
 - tracking, and
 - reporting.
- ❖ The Registry will enable integration with international registries and platforms for transparent ITMO transfer and relevant data exchange.

Fees, SOP and OMGE

Category	Applicable type of projects	Fee type
Administrative Fee	Article 6.2 (Cooperative Approaches)	Application Fee
		PIN/PDD Evaluation Fee
		Listing Fee
		Issuance Fee
	Article 6.4 (Paris Agreement Crediting Mechanism)	Application Fee
		PIN/PDD Evaluation Fee
		Listing Fee
		Issuance Fee
	VCM requiring CA	Application Fee
		PIN/PDD Evaluation Fee
		Listing Fee
		Issuance Fee
	VCM projects not requiring CA	Enlisting Fee
DoE/VVB Enlisting Fee	Article 6.2	Enlisting Fee
Corresponding Adjustment Fee	All projects requiring CA	Micro scale projects
		Small scale projects
		Large scale projects
		Transition Projects
Buffer Fee	Non-monetary	2% retention
SOP	No SOP at this moment	
OMGE	Article 6.2	As per rule of the COP/CMA

* Different fee levels for local applicants and foreign applicants

** Fees for G-to-G projects/model projects that received finance from partner country governments will be determined through bilateral negotiations.

*** Existing CDM or VCM projects registered in the respective standards before adoption of this Carbon Market Framework and requested transitioning to Article 6 (whether under Article 6.2 or 6.4 or VCM) will be treated as Transition projects

Thank You