



Contents

1

Carbon pricing and internationally aligned carbon markets

Chandra Shekhar Sinha, Lead Climate Finance Specialist, World Bank Group

2

World Bank Article 6 carbon transaction experience and linkages with evolving carbon market developments

Zhuo Cheng, Senior Climate Finance Specialist, World Bank Group

A Dual-Track Approach to Global Carbon Pricing

DOMESTIC COMPLIANCE: EMERGING ECONOMIES



Mandatory Compliance Systems:
Regulates industrial emitters via Emissions Trading Systems (ETS) and carbon taxes.

INTERNATIONAL CREDITING: DEVELOPING COUNTRIES



Flexible Non-Debt Finance
Provides essential, performance-based finance without increasing national debt through Article 6 and Voluntary markets.

Private Investment



Policy Signals & Industrial Shift
Long-term price signals redirect private capital toward clean technologies.

World Bank Support



Build policy, regulatory and institutional capacity and infrastructure (digital MRV, registries and transactional platforms)

Nature-Based & Clean Production

Markets focus on high-impact projects in forestry, agriculture, and clean industrial production.

Monetization of programs

Key Comparison

Emerging/Developed Economies		Developing Countries & LDCs
Domestic ETS & Carbon Taxes	Primary Mechanism	International Crediting (Art. 6/VCMI)
PMI (Partnership for Implementation)	World Bank Tool	SCALE (Scaling Climate Action)
Regulatory Frameworks & Compliance	Key Focus	Nature-Based Solutions & Monetization



(Scaling Climate Action)
Aggregates nature-based programs and develops strategies to monetize carbon credits.

Global carbon credit markets (including retirements) are growing due to spike in demand for compliance purposes

Volume of carbon credits retired for voluntary and compliance purposes, 2023 and 2024



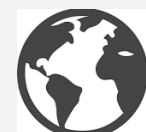
World Bank “menu” of support

- **Establishing country frameworks for carbon pricing and markets**, including underpinning regulation, standards/methodologies to generate credits, robust MRV systems, end-to-end digital infrastructure to support transactions
- **Developing country strategies and roadmaps to access climate finance & international carbon markets**, including VCM & Article 6 of Paris Agreement
- **Supporting monetization of credits** through dedicated purchasing vehicles, auctioning mechanisms, engagement with market players to aggregate capital

20+ years of World Bank support on carbon markets to date



220m tons of GHG emissions reduced



63 countries supported

\$4.5B

Funds managed historically

\$950m

Private sector funds managed

\$1.5B

Emission reduction payments made

WB Climate Change Group facilities for support on carbon markets



Driving Global Carbon Markets: The World Bank Group's Strategic Framework

Illustrating how the WBG Climate Change Group organizes its carbon market activities into two distinct pillars: Policy and Regulation (Upstream) and Solutions and Impact (Downstream).

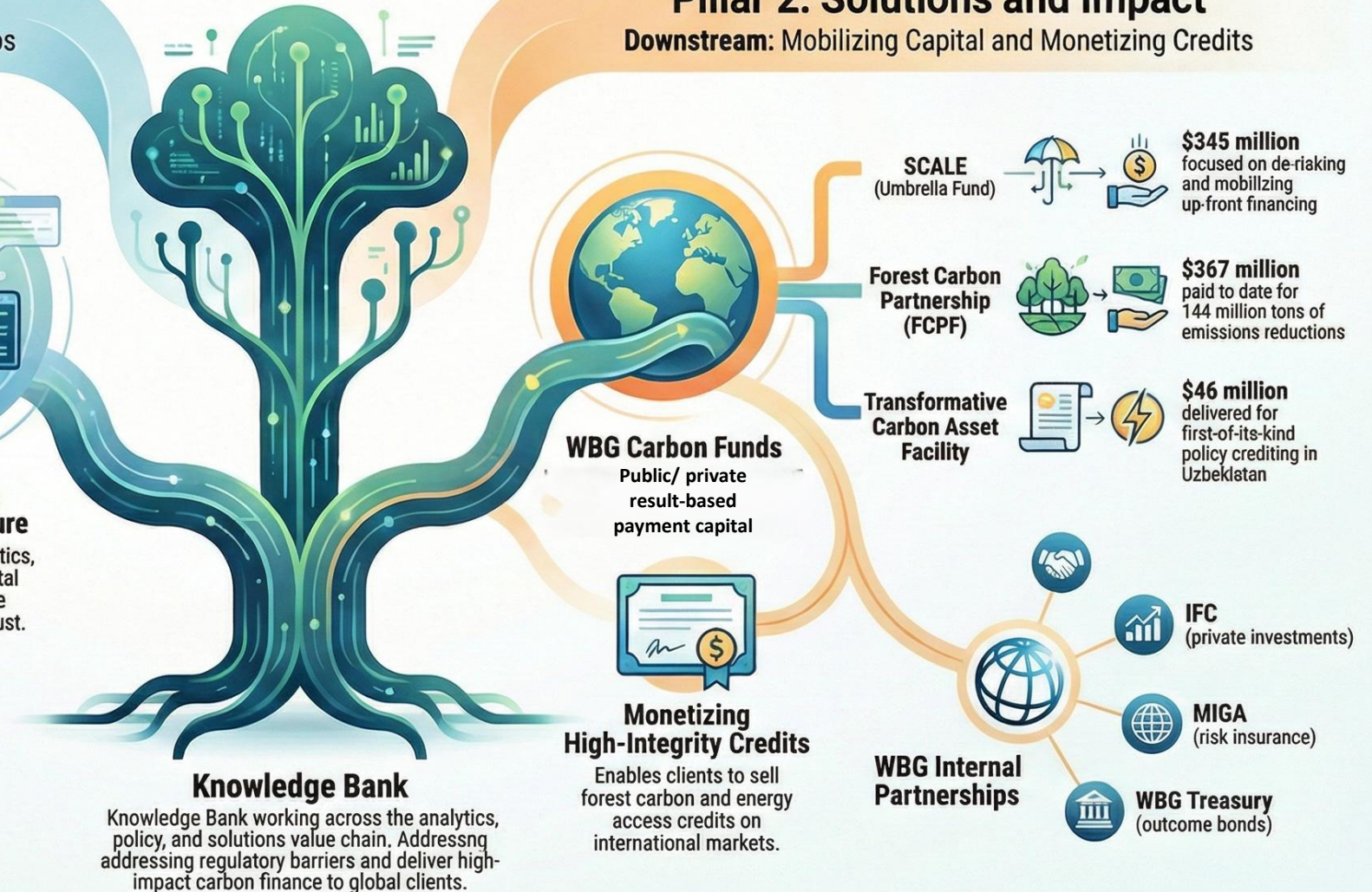
Pillar 1: Policy and Regulation

Upstream: Strengthening Market Architecture and Partnerships



Pillar 2: Solutions and Impact

Downstream: Mobilizing Capital and Monetizing Credits





BANGLADESH

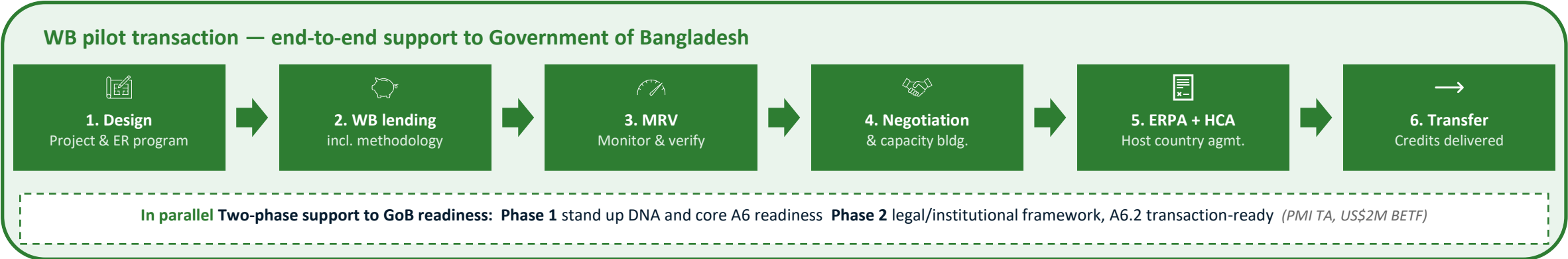
BCCFRE

Bangladesh Climate &
Carbon Finance for Renewable Energy

Results-based carbon finance for distributed renewable energy

From WB pilot to Article 6.2-ready transaction

Bangladesh 




BCCFRE
Climate & Carbon Finance for Renewable Energy
Results-based payments to **IDCOL** sustaining **3.3M solar home systems** (REREDII legacy, 2013-2023)


EMISSION REDUCTIONS
>1M tCO₂e



PURCHASE VALUE (CI-DEV)
> US\$16M


PERIOD
2021–2024

This experience = the playbook for Article 6.2

 **ARTICLE 6.2**
Cooperative, bilateral

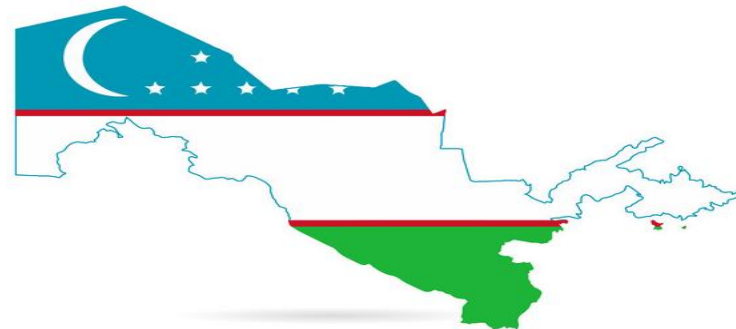
Bilateral negotiation between countries. The Bank pilot has built **every piece except the bilateral itself.**

 **ARTICLE 6.4**
UN-supervised standard

Project also eligible. The Bank will also support that pathway — A6.4 still requires **GoB authorization** to count as ITMOs.

iCRAFT

THE REPUBLIC OF UZBEKISTAN: INNOVATIVE CARBON RESOURCE APPLICATION FOR ENERGY TRANSITION



Project: Innovative Carbon Recourse Application For Energy Transition (iCRAFT)

Highlights

- End-user electricity and gas tariff reform in Uzbekistan.
- Verified emission reductions in period 2021-2024: 24mt.
- Ex-post modeled baseline: incremental energy demand without-policy scenario calculated back from observed energy demand in with-policy scenario based on price elasticities and energy price increase.

Potentials Pathways

