Bangladesh's Nationally Determined Contribution (NDC) 3.0: Policy Pathways for Ambition, Implementation, and Finance

Policy Brief

Date: 13 September 2025 Prepared By: Change Initiative

Bangladesh's Nationally Determined Contribution (NDC) 2.0, announced in 2021, committed to reducing emissions by 6.73 per cent unconditionally and 21.85 per cent conditionally, based on a Business- As- Usual (BAU)-2030 projection of 409.41 million tons of carbon dioxide ($MtCO_2e$).

While progress has advanced on domestically financed measures, conditional targets remain largely unrealized due to limited international finance, weak inter-ministerial coordination, and persistent gaps in Measurement, Reporting, and Verification (MRV) systems. A new analysis by Change Initiative, presented on 13 September, recommends revising the BAU to 432.58 $MtCO_2e$ and increasing ambition to a 9.15 % unconditional and 26.9 % conditional reduction. These targets would require 39.58 $MtCO_2e$ in unconditional reductions and a further 116.35 $MtCO_2e$ conditional reduction with international support. Meeting this ambition will require USD 316 billion by 2030, of which only a fraction has been mobilized to date.

Sectoral Contribution	Business-as-Usual (BAU)				Unconditional				Conditional			
	NDC 2.0		NDC 3.0 (Estimated)		NDC 2.0		NDC 3.0 (Estimated)		NDC 2.0		NDC 3.0 (Estimated)	
	MtCO2	%	MtCO2	%	MtCO2	%	MtCO2	%	MtCO2	%	MtCO2	%
Energy (Power)	95.1	23.2	108.9	25.2	8.0	29.1	11.3	10.4	35.7	48.9	58.3	53.5
Transport	36.3	8.9	36.3	8.4	3.4	12.3	3.4	9.4	6.3	10.2	6.6	18.1
IPPU	11.0	2.7	20.4	4.7	-	-	-	-	-	-	3.9	19.2
AFOLU	55.0	13.4	55.0	12.7	0.6	2.3	0.8	1.4	0.4	0.7	0.8	1.4
Total	409.4	100	432.6	100	27.6	6.7	39.6	9.2	61.9	15.1	116.4	26.9

Table 1: Overall Proposal for NDC 3.0 of Bangladesh

M. Zakir Hossain Khan, Chief Executive of Change Initiative, emphasized, "Conditional finance is not merely a budget line for conditional mitigation targets; it is a question of carbon justice." He further noted that fulfilling finance commitments is the minimum responsibility owed to vulnerable communities and ecosystems. To bridge the gap, Bangladesh must pursue a layered approach that combinesdomestic mobilization, access to carbon markets as per Article 6, and grant-based international finance, anchored in transparent MRV. The proposed targets are supported by clear sectoral pathways across power, industry, Agriculture, Forestry and Other Land Use (AFOLU), transport, and urban systems. The table below summarizes the policy brief and highlights key actions for implementation.

Sector	Challenges	Opportunities	Policy Recommendations
Energy (Power)	-Power-sector emissions rise from 95.14 to 108.87 $MtCO_2e$ by 2030; -Grid losses and coal dependence persist without finance and dispatch reform. -Installed capacity doesn't reflect actual usage, leading to inaccurate emission forecasts. -High upfront costs and CO_2 abatement costs	Bangladesh could abate 11.32 $MtCO_2e$ (unconditional) and 58.27 $MtCO_2e$ (conditional) via utility and rooftop solar, wind, transmission loss reduction, gas efficiency, and coal derating; the conditional path adds approximately 24,106 MW of renewable energy.	(i) Set annual renewable-energy targets and a curtailment cap based on delivered GWh. (ii) Publish a time-bound transmission-and-distribution loss-reduction trajectory. (iii) Implement a coal derating and retirement schedule linked to a declining grid emission factor.
Industrial Process Emissions (IPPU)	-NDC 2.0 set no specific IPPU targets -Industrial MRV is weak.	Shifting blast furnaces to **Electric Arc Furnaces (EAFs) in iron and steel industry** and improving fertilizer energy efficiency could cut about 1.78 and 0.48 $MtCO_2e$; cleaner cement practices add further reductions.	(i) Set indicators for electric-arc furnace adoption. (ii) Cap clinker ratios with timelines. (iii) Mandate specific energy-consumption targets for fertilizer plants. (iv) Establish an IPPU MRV module consistent with Article 6.
AFOLU	Tracking is fragmented and central carbon accounting is absent, hindering verifiable targets.	Expanding Alternate Wetting and Drying (AWD) rice, improving livestock feed and manure management, and scaling afforestation and reforestation could raise tree cover from 22.37% to 24% at low cost.	(i) Expand AWD hectares using verified emission factors. (ii) Livestock feed additives for improved enteric fermentation mitigation. (iii) Agroforestry expansion combining food production with carbon sequestration (iv) Launch national afforestation, reforestation, and blue-carbon projects supported by a credit-ready AFOLU registry.
Transport	High Electric Vehicle (EV) costs, limited charging, and stakeholder resistance slow progress in a sector	A 10,000-vehicle EV pilot could save about 25 $ktCO_2$ per year; fuel-efficiency standards, modal shift, and charging	(i) Reduce EV import duties in a targeted way. (ii) Build highway and urban charging networks through public-private partnerships.

	responsible for about 8.86% of energy emissions.	corridors deliver larger gains.	(iii) Enforce vehicle fuel- and efficiency-standards. (iv) Sequence mass EV subsidies after transit and demand-management improvements.
Urban Systems	Urban mitigation is under-represented; MRV is fragmented; cooling-demand enforcement is weak despite high city loads.	Setting Air Conditions (AC) to 26 °C in Dhaka could cut peak demand by about 4,302 MW; green and blue infrastructure can reduce cooling energy by 5-15%.	(i) Enact a national AC set-point rule and enforce building-energy codes. (ii) Finance urban trees, green roofs, and waterbody restoration. (iii) Add city-level MRV and performance indicators to the NDC framework.
Waste	Inadequate collection, limited composting, and weak enforcement undermine methane abatement and energy recovery.	Effective systems can reduce emissions, generate renewable energy, and improve soils; with stronger MRV these can qualify for Article 6 crediting.	(i) Enforce segregation and organics-diversion targets. (ii) Scale composting and anaerobic digestion. (iii) Invest in landfill-gas and waste-to-energy projects using standardized baselines.
Finance	Bangladesh has received about USD 3.39 billions of an estimated USD 270.126 billion conditional need; domestic climate-finance tagging averages USD 0.36 billion per year versus USD 3.225 billion required.	Carbon and pollution taxes could raise BDT 1,648-3,296 crore and 5,124-10,248 crore per year; Article 6 could unlock up to USD 5 billion per year by 2030.	(i) Publish a measure-to-money map linking each conditional action to grant sources and Article 6 programs. (ii) Legislate carbon and pollution taxes with equitable rebates. (iii) Earmark revenues for unconditional mitigation and MRV.
MRV & Governance	Baseline data are limited in industry, urban, and waste; MRV frameworks are fragmented across ministries, weakening verification and coordination.	A unified digital MRV platform enables results-based finance, transparent annual inventories, and faster access to carbon markets.	(i) Establish an integrated MRV platform covering Energy, IPPU, AFOLU, and Waste. (ii) Accredit domestic verification entities. (iii) Make all domestic and external disbursements contingent on verified outcomes.

By raising ambition, clarifying sectoral targets, and strengthening MRV, NDC 3.0 can be transformational. Success depends on closing the finance gap through grants, carbon markets, and domestic resource mobilization, while embedding accountability across power, industry, AFOLU, transport, urban systems, and waste.

If partners honor commitments and Bangladesh deliver credible reforms, the country can not only meet its conditional goals but also demonstrate how a climate-vulnerable nation can lead with innovation, equity, and resilience.