

## LEGISLATIVE ROADMAP FOR PARLIAMENTARIANS: STRENGTHENING CARBON MARKETS GOVERNANCE

### PURPOSE:

This briefing note provides Parliamentarians with a technically grounded roadmap to translate Pakistan's carbon market readiness findings into concrete legislative action. It focuses on what must be legislated, why it matters from a technical and integrity perspective, and how this will unlock climate finance while safeguarding national interests.

### CONTEXT:

Pakistan's Policy Guidelines for Trading in Carbon Markets mark an important policy milestone. However, international experience and domestic analysis confirm that guidelines alone are insufficient. Carbon markets function on legal certainty, data integrity, and enforceable safeguards. Parliament has a central role in providing this statutory backbone. Transparency International Pakistan's legislative roadmap proposes the following key recommendations:

#### Legislative Priority 1: Recognize Carbon Credits as a Legal Asset

Parliament should enact a Carbon Markets Framework Act that legally defines carbon credits, ITMOs, and VERs as intangible assets. The law should clearly establish ownership rules, distinguish public, private, and community-generated credits, and clarify their treatment in contracts, taxation, and dispute resolution.

### IMPACT

This reduces investor risk, enables bankability, and allows Pakistan to engage credibly in Article 6 transactions and high-value voluntary markets.

#### Legislative Priority 2: Mandate a National MRV and Emissions Baseline System

Legislation should require a national emissions baseline and MRV system aligned with IPCC and Article 6 standards. Statutory roles must be assigned to the Pakistan Bureau of Statistics for emissions data and MoCC&EC for regulatory oversight. Sectoral data disclosure should be a legal obligation for all sectors and carbon market projects.

### IMPACT

A legally mandated MRV system prevents double counting, protects Pakistan's NDC, and underpins market integrity.

#### Legislative Priority 3: Codify Benefit-Sharing and Community Safeguards

Legislation must mandate minimum benefit-sharing provisions for projects on public or communal land, require Free, Prior and Informed Consent, and establish grievance redress mechanisms aligned with international standards.

### IMPACT

This de-risks nature-based projects, strengthens permanence, and safeguards Pakistan against social and reputational risks.

## Legislative Priority 4: Clarify Institutional Mandates and Oversight

The legislation on Carbon Markets Framework Act should statutorily designate MoCC&EC as the national carbon regulator, define coordination obligations across ministries and provinces, and require annual reporting to Parliament on market performance, revenues, and integrity. A National Carbon Coordination Council (NCCC), a centralized governance body should be tasked with overseeing carbon market development and coordinating roles across ministries, provinces, and regulatory agencies.

### IMPACT

Clear mandates reduce fragmentation, improve accountability, and build international confidence.

### CONCLUSION

Carbon markets reward countries that legislate early, clearly, and credibly. By translating policy intent into enforceable law, Parliament can unlock significant climate finance, strengthen Pakistan's climate ambition, and position the country as a high-integrity carbon market leader.