

## **SINGAPORE CARBON INITIATIVES: IMPLEMENTATION AGREEMENTS AND THE FIRST NATURE-BASED CARBON CREDIT TENDER**

Singapore's carbon markets are evolving and will be a key tool in achieving Net Zero. An exciting step in that journey is Singapore hosting its first-ever nature-based carbon credit tender with bids exceeding SGD 1.3 billion. Singapore has also accelerated the number of Implementation Agreements it has signed with host countries.

In this briefing, we will explore these recent developments and connect the dots between them and Singapore's carbon reduction journey.

### **ARTICLE 6 COLLABORATIONS**

Host countries across the world are signing Implementation Agreements with Singapore. A flurry have been signed in 2025.

The overarching purpose of each Implementation Agreement signed between a host country and Singapore is to establish a legally binding bilateral framework under which Singapore may acquire internationally transferable mitigation outcomes (ITMOs, a form of carbon credit) generated from mitigation activities (in the form of projects/programmes) in the relevant host country, compliant with Article 6 of the Paris Agreement.

Before declaring that each Implementation Agreement has been signed, the Singapore Ministry of Trade and Industry (MTI) has made two announcements – first, that Singapore and the relevant country have signed a non-legally binding memorandum of understanding or letter of intent that (i) expresses an intent to collaborate on carbon markets, aligned with Article 6 and (ii) defines the scope of such collaboration; and second, that Singapore and the relevant country have "concluded substantial negotiations" on the relevant Implementation Agreement.

We briefly discussed the status of Singapore's Article 6 cooperations in our previous briefing [Singapore Carbon Initiatives: The Carbon Tax and the Eligibility List](#) which focused more on the foundation of Singapore's ICC framework, the carbon tax, and the relationship between the Eligibility List and the carbon tax.

The key takeaways are that, upon an Implementation Agreement being signed:

- the host country that is party to that agreement will be added to the Eligibility List, together with the eligible methodologies and the carbon crediting programmes to which those methodologies relate. The default position is that the Eligibility List will be updated regularly and, in any case, reviewed annually. This means there may be a gap between the signing of an Implementation Agreement and any related update of the Eligibility List;
- to be within the scope of that Implementation Agreement, projects in the host country will need to apply for authorisation of mitigation activities and mitigation outcomes that align with the methodologies set out in the Eligibility List, and the ICCs generated by that project will need to meet the Eligibility Criteria. Projects that are approved will be added to a published project register. As at 1 August 2025, all project registers remain "work in progress"; and
- an entity that holds ICCs issued by an approved project may use those eligible ICCs to offset up to 5% of its taxable emissions under Singapore's carbon tax (noting also that there may be other reasons why an entity may want to purchase ICCs).<sup>1</sup> Singapore may also source those eligible ICCs as ITMOs to meet its Nationally Determined Contributions (NDCs).

With only one Implementation Agreement signed in 2023 (with Papua New Guinea) and one Implementation Agreement signed in 2024 (with Ghana), the signing of five Implementation Agreements so far in 2025 (with Bhutan, Chile, Peru, Rwanda and Paraguay) marks a significant increase in the number of Implementation Agreements signed. Of these, the Singapore-Ghana Implementation Agreement is currently the sole Implementation Agreement in force.

In addition to these signed Implementation Agreements, Singapore has one substantively concluded Implementation Agreement (with Vietnam) and fifteen signed MOUs. As at 1 August 2025, only Papua New Guinea, Ghana, Bhutan and Rwanda are on the Eligibility List.

## **IMPLEMENTATION AGREEMENT SPECIFICS**

Press releases from MTI suggest that Singapore has taken a consistent approach in its agreed Implementation Agreements (the Common Features) to achieve the overarching purpose described in "Article 6 Collaborations" above. In respect of each Implementation Agreement:

- a joint committee between Singapore and the host country will oversee the administration of such Implementation Agreement;
- there will be a process to seek authorisation for carbon credit projects and corresponding adjustments for implemented mitigation outcomes;
- correspondingly adjusted carbon credits authorised under such Implementation Agreement may be used for, among other things, offsetting under the Singapore carbon tax or to comply with binding mandates such as NDCs;

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<sup>1</sup> In recognition of the constrained supply of ICCs for emissions year 2024, the Singapore National Environment Agency announced on 1 June 2025 that taxable facilities will be allowed to roll over their unutilised ICC offset limit, of up to 5% of taxable emissions in 2024, to emissions year 2025. In other words, if no offset was used in emissions year 2024, a taxable facility could offset up to 10% of its taxable emissions in emissions year 2025.

- 5% of the proceeds generated from such carbon credits will be contributed towards the host countries' adaptation actions (the Proceeds Contribution); and
- 2% of such carbon credits will be cancelled at first issuance.

The Implementation Agreement and the Common Features deal with key aspects of authorisation of projects, the making of corresponding adjustments, and ensuring transparency (more detail is included in the box below).

### The Singapore-Ghana Implementation Agreement and the Common Features

1. **Authorisation Process** – both parties must establish a process by which applications can be made for authorisation of projects under that Implementation Agreement. These have already been [published](#) and can be seen in diagrammatic form below.

If an approved project participant fails to comply with the conditions on which the authorisation of its project was granted, both countries may agree to revoke such authorisation after a reasonable opportunity to rectify any non-compliance has been provided, or Ghana may refuse to authorise the mitigation outcomes generated by such project.

2. **Corresponding Adjustments** – Ghana will authorise the mitigation outcomes generated by authorised projects and apply corresponding adjustments upon first transfer.
3. **Registry System** – both countries will maintain publicly accessible registries to track mitigation outcomes, which will record, among other information, their identifiers, origin, vintage year, transfers and usage. These registries will be bilaterally linked and linked with eligible offset programmes, to ensure accurate recording and to avoid double-counting.
4. **Reporting and Transparency** – each country agrees to comply with its reporting obligations under the Paris Agreement, and for the Singapore-Ghana joint committee to determine processes to ensure alignment between its submissions. Each country will also publish information on an official government website which must include, among other things, the authorisation process; the pre-approved list of offset programmes and methodologies; the accredited verification entities; information on authorised projects and mitigation outcomes generated and first-transferred under the agreement; and information on Ghana's usage of any Proceeds Contribution.
5. **Dispute Resolution** – any dispute between the countries will be first referred to the Singapore-Ghana joint committee. If the dispute is not settled within 180 days of a referral, the party that made the referral may initiate direct negotiations to resolve the dispute. If such dispute is not settled within 180 days after initiation, the party that initiated negotiations may submit the dispute to final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Disputes between Two States (the parties may also jointly make a submission at any time).
6. **Termination** – the Implementation Agreement may be terminated (i) by mutual agreement, effective on a mutually agreed date, or (ii) by either country providing written notice to the other, effective at the end of the NDC implementation period during which the notice is provided. In addition, the Implementation Agreement and all registrations thereunder will terminate if either country withdraws from the Paris Agreement, effective at the same date as the withdrawal.

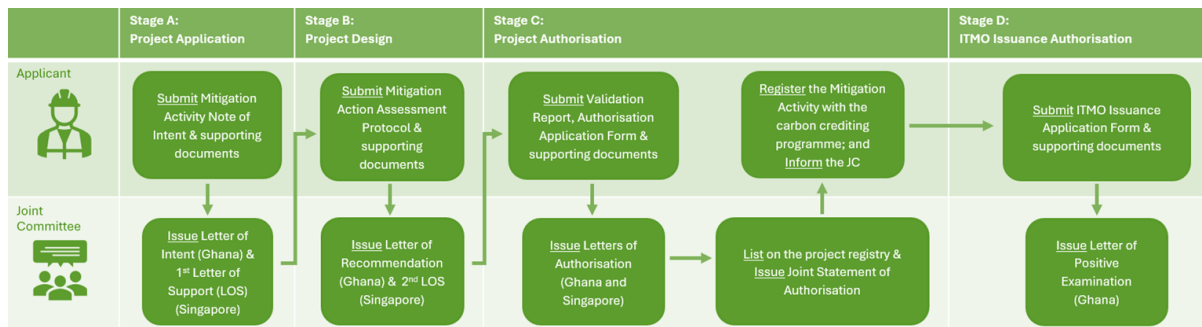


Image from: <https://www.carbonmarkets-cooperation.gov.sg/processes/>

As other agreed Implementation Agreements are not readily available, it is not possible to determine whether they take a similar approach. However, the Singapore-Ghana Implementation Agreement is illustrative of an intention to set up processes with a high degree of joint oversight, to ensure carbon credits generated from vetted projects are of high quality and meet internationally-aligned standards, and to create a win-win scenario with: (i) Singapore obtaining assistance to meet its NDCs; (ii) each host country obtaining assistance and investment to facilitate further climate adaptation measures; (iii) Singapore entities being able to clearly identify and source carbon credits that have been formally checked for transparency or integrity issues; and (iv) through the cancellation mechanism, a contribution towards the net reduction of global emissions.

## TENDER OFFER

Singapore's carbon credit tender to source "high-quality, correspondingly adjusted carbon credits derived from nature-based solutions" attracted bids in excess of SGD 1.3 billion from various suppliers. It closed in mid-February 2025 and awards are expected to be announced later this year.

The purpose of the tender was to assist Singapore with meeting its 2030 NDC target to reduce its GHG emissions to around 60 MtCO<sub>2</sub>e, by sourcing carbon credits from host countries with which it has, or will have in the near future, Article 6 collaborations. Such carbon credits can be treated as ITMOs and applied towards emissions reductions to meet that target. Each bid was required to have been in respect of at least 500,000 nature-based carbon credits (representing an offset of 500,000 tonnes of CO<sub>2</sub>e emissions) to be provided over the course of a five-year contract, and be in respect of certified emissions reductions or removals between 1 January 2021 and 31 December 2030 in compliance with Article 6. The expectation is that, at the time of delivery, the carbon credits would need to satisfy the Eligibility Criteria and the Eligibility List in their respective forms at that time. The evaluation process for the bids is weighted as follows:

- quality of the projects – 35%;
- price competitiveness – 35%;
- supplier's capability and experience in carbon trading and carbon projects – 20%; and
- ability to support project implementation – 10%.

The tender therefore provides a unique perspective – how Singapore evaluates the competitiveness and desirability of Article 6 projects in what remains a nascent market.

## CONNECTING THE DOTS

These developments raise plenty of interesting questions. Is this the first in a series of tenders? Given the methodologies listed in the Eligibility List (as at 1 August 2025) do not exclusively relate to nature-based carbon credits, does this mean that nature-based carbon credits are being viewed as a priority, or is the tender intended to abate previous controversies surrounding them? Will there eventually be a separate tender for carbon credits that are not derived from nature-based solutions? Is the acceleration in the number of Implementation Agreements agreed in 2025 related to the tender? To what degree will these tenders influence or build on existing dialogues on Article 6 collaborations with countries that may or may not yet have MOUs, letters of intent or substantially concluded Implementation Agreements with Singapore?

The answers to these remain unclear, but it is difficult to ignore the potential impact of this landmark tender on the landscape of Singapore's Article 6 collaborations. Among other things, the tender suggests that the operationalisation of Singapore's ICC framework is imminent and significant. Once the tender is awarded, it is likely that the relevant supplier(s) and Singapore will work together to ensure that the carbon credits sourced can be treated as ITMOs. This will likely (i) create a driving force to put an Implementation Agreement in place with the host country of each relevant supplier and (ii) require the approval by the joint committee of Singapore and the host country of the project(s) that the carbon credits are to be sourced from. This, in turn, is likely to drive the development of project registers to list approved projects.

This is an exciting time in Singapore's carbon market journey, and Clifford Chance will continue to follow and analyse future developments.

Contact us if you want to discuss carbon markets in Singapore and Asia-Pacific, or globally.

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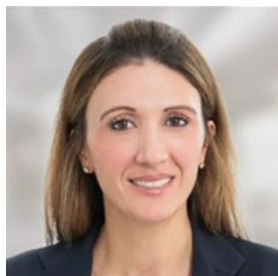
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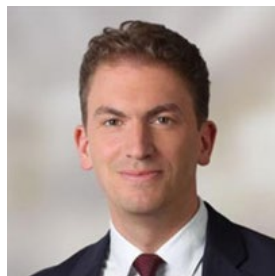
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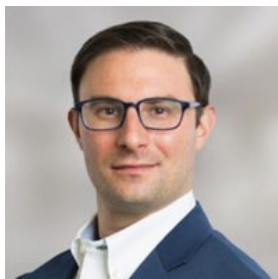


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