NCCS NATIONAL CLIMATE CHANGE SECRETARIAT SINGAPORE | STRATEGY GROUP PRIME MINISTER'S OFFICE

MTI MINISTRY OF TRADE AND INDUSTRY SINGAPORE

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Singapore Will Contract High-Quality Nature-Based Carbon Credits From Four Projects In Ghana, Paraguay And Peru

The National Climate Change Secretariat (NCCS) and the Ministry of Trade and Industry (MTI) will contract 2.175 million tonnes worth of high-quality nature-based carbon credits from four projects in Ghana, Peru, and Paraguay. This award is the result of a request for proposal (RFP) launched in September 2024 for nature-based carbon credits to meet Singapore's 2030 Nationally Determined Contribution (NDC) under the Paris Agreement.

Use of Article-6 carbon credits to meet decarbonisation targets

2 Singapore aims to achieve net zero emissions by 2050 and reduce emissions to around 60 million tonnes of carbon dioxide equivalent (MtCO2e) by 2030 after peaking emissions earlier. We have introduced a carbon tax and are investing in multiple decarbonisation pathways such as solar deployment, renewable energy imports, and carbon capture and storage. However, as a small, densely populated, island city-state with limited natural resources, Singapore's ability to fully decarbonise our economy is constrained.

3 The use of carbon credits under Article 6 of the Paris Agreement provides a viable and effective complementary pathway for countries such as Singapore to achieve our decarbonisation targets, while pursuing all other feasible decarbonisation pathways. Singapore's supply of Article 6-compliant carbon credits will come from taxable facilities[1], as well as direct procurement by the Singapore Government. A second RFP for such Article 6-compliant carbon credits will be launched later this year.

4 Article 6 carbon credits can be a catalyst to unlock green growth opportunities. Singapore is now home to around 150 companies in the carbon services and trading sector, operating in areas such as carbon trading, carbon advisory, project development, financing, monitoring, reporting, and verification. The Singapore Government will continue to facilitate opportunities for Singapore-based companies to capture value in the emerging area of carbon markets.

[1] Since 2024, under Singapore's International Carbon Credit (ICC) framework, taxable facilities in Singapore are allowed to use eligible ICCs to offset up to 5% of their taxable emissions.

Selection of Nature-Based Projects

5 Nature-based solutions (NBS) globally have the potential to offer net emissions reductions equivalent to more than 10 gigatons of carbon dioxide per year[2]. Through the RFP launched in September 2024, the Singapore Government sought to identify projects from around the world that could generate high-quality NBS carbon credits with high environmental integrity. Key features of these projects include ensuring additionality[3], low leakage risks, permanence, and co-benefits to surrounding communities.

6 As a result of this RFP, Singapore has decided to contract NBS carbon credits from four NBS projects, namely the Kowen Antami REDD+[4] and Together for Forests REDD+ projects in Peru, the Boomitra Grassland Restoration Project in Paraguay, and the Kwahu Landscape Restoration Project in Ghana. We will contract to procure carbon credits equivalent to emissions reductions of 2,175,000 tonnes of CO2, at a value of around S$76 million, for use across 2026 to 2030.

7 These projects aim to reduce carbon emissions from deforestation, increase carbon sequestration of soil organic carbon stock in grasslands through sustainable management practices, and remove carbon emissions through the reforestation of degraded pastureland. Carbon credits help to channel funds towards the preservation or regeneration of host countries' natural carbon sinks and biodiversity, safeguard local communities' access to income from sustainable land use and provide ecosystem benefits such as improving water quality. The projects have been selected based on the quality of the proposal, the tenderer's track record, and price competitiveness.

8 The contracted projects must use methodologies[5] bilaterally agreed to by Singapore and the respective host country, and secure authorisation under the relevant

[2] https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/37318/NBSCCM.pdf

[3] Certified emissions reductions or removals exceeding that required by any law or regulatory requirement of the host country, and that would otherwise have occurred in a conservative, business-as-usual scenario.

[4] REDD+ refers to "Reducing Emissions from Deforestation and forest Degradation, plus the conservation, sustainable management of forests, and enhancement of forest carbon stocks", a framework developed under the Paris Agreement.

[5] Three of these projects intend to use methodologies under Verra's Verified Carbon Standards, namely VM0047 (Afforestation, Reforestation, and Revegetation) and VM0048 (Reducing Emissions from Deforestation and Forest Degradation). Under the Paris Agreement Article 6.2 approach and within signed Implementation Agreements, both Singapore and the host countries will need to whitelist these methodologies, including any additional environmental integrity (EI) safeguards. The fourth project adheres to VM0042 (Improved Agricultural Management), which is on Singapore's Eligibility List and will similarly be go through whitelisting with host countries.

government-to-government Implementation Agreement (IA)[6]. To date, Singapore has signed eight implementation agreements (IAs) with Bhutan, Chile, Ghana, Papua New Guinea, Peru, Paraguay, Rwanda, and Thailand. Under each of the Article 6 IAs, Singapore is committed to channeling the value equivalent to 5% of the share of proceeds from authorised carbon credits towards climate adaptation measures of the respective host countries.

Annex – Description of Projects

VCS 5394: Kowen Antami REDD+ (Peru). The Kowen Antami REDD+ Project aims to protect the Yanachaga Chemillén National Park (PNYCH) and the San Matías–San Carlos Protection Forest (BPSMSC). Protection of these two areas has been challenging due to the expansion of both commercial and small-scale agriculture, construction of new roads and wildfires in and around the project area, resulting in extensive deforestation. The project will introduce indigenous community-led activities aimed at mitigating and reducing deforestation and forest degradation in a manner that improves livelihoods and enhances governance.

VCS 5442: Together for Forests REDD+ (Peru). The project aims to reduce deforestation within the Project Area in three provinces within the Madre De Dios region of Peru, which comprises forest concessions and smallholder forest properties. The project aims to do so by securing land tenure and providing the participating forest owners with resources and offering them incentives to reduce deforestation. New initiatives under the project include implementation of an early warning system to enhance monitoring of illegal deforestation prevalent in the region; improved management of forests by providing technical assistance on sustainable harvesting techniques, enabling access to markets, promoting biodiversity conservation; and the development of agroforestry systems which produce a diversity of products and services that can be certified as 'deforestation free'.

VCS 3291 Boomitra Grassland Restoration Project through Soil Enrichment (Paraguay).
South American grasslands, including in Paraguay, are unique natural habitats that provide important ecological and economic benefits. Livestock production is the key livelihood activity in the region, which has led to overgrazing and unsustainable grassland management, resulting in the decline of soil organic carbon stock. To address this, the project aims to introduce sustainable management practices in ranches across the Pampas Grasslands in Paraguay to increase soil organic carbon stock. The primary

[6] The eligibility list may differ across IAs, as each host country has their own priority mitigation sectors and activities, typically based on their conditional Nationally Determined Contribution measures, as well as other domestic requirements and considerations. All methodologies must meet both Singapore and the partner country's Eligibility Criteria prior to being listed.

project activity is rotational grazing, while secondary activities include livestock management, water conservation and management, forage management, controlled burning, and capacity building programmes.

VCS 5432 Kwahu Landscape Restoration Project (Ghana).
Ghana's tropical forests had declined to less than 2 million hectares due to extensive logging, devastation by bushfires due to an increasing land conversion to cocoa farms or other agricultural uses. Concurrently, cocoa farmers were encouraged to remove native shade trees from their farms to increase production. To address this, the 40-year ARR project located in Ghana's Kwahu region, aims to restore 51kha of degraded lands, through direct polyculture planting, agroforestry and regenerative planting practices of native species. The project aims to sequester up to 33.5 million tCO2e over its lifetime.

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