

## **SINGAPORE AND LAO PDR SIGN MEMORANDUM OF UNDERSTANDING ON CARBON CREDITS COLLABORATION UNDER ARTICLE 6 OF THE PARIS AGREEMENT**

1. Singapore and Lao PDR signed a Memorandum of Understanding (MOU) to collaborate on carbon credits today. The MOU was signed by Minister for Sustainability and the Environment and Minister-in-charge of Trade Relations Grace Fu and Lao PDR Minister of Natural Resources and Environment Bounkham Vorachit, on the sidelines of Lao PDR Prime Minister Sonexay Siphandone’s official visit to Singapore.
2. Under the MOU, both countries will collaborate on carbon credits aligned to Article 6 of the Paris Agreement. The scope of cooperation includes working towards a legally binding Implementation Agreement that sets out a bilateral framework for the international transfer of correspondingly adjusted carbon credits, exchange of best practices and knowledge on carbon market mechanisms.
3. Minister Fu said, “As Singapore and Lao PDR mark the 50th anniversary of our diplomatic ties this year, it is timely that we embark on an emerging area of cooperation – carbon markets. Carbon credit projects can help channel financing towards additional mitigation efforts while generating benefits for local communities, such as new jobs, improved energy security and reduced environmental pollution. Our cooperation highlights both countries’ commitment to support each other’s net-zero ambitions and supports the acceleration of global climate action.”

### **Annex A: Factsheet on the MOU on carbon credits collaboration**

**Ministry of Trade and Industry**

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**Annex A**

**Factsheet on the MOU on carbon credits collaboration**

- The MOU on carbon credits collaboration signals Singapore's and Lao PDR's intent to collaborate on carbon credits, aligned with Article 6 of the Paris Agreement, which allows countries to voluntarily cooperate to achieve emission targets set out in their Nationally Determined Contribution (NDC), while promoting sustainable development and ensuring high environmental integrity.
- Under the MOU, Singapore and Lao PDR will work towards a legally binding Implementation Agreement that sets out a bilateral framework for the international transfer of correspondingly adjusted carbon credits<sup>1</sup>. The Implementation Agreement will include the criteria and processes for transfer of carbon credits under Article 6 of the Paris Agreement.
- Singapore and Lao PDR will work together to identify potential Article 6-compliant mitigation activities which can support both countries to achieve their respective NDCs.
- Singapore aims to achieve net zero emissions by 2050 and is committed to advancing global climate action through international collaboration with like-minded partners.

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<sup>1</sup> Corresponding adjustment prevents the double-counting of emissions reductions or removals in both buyer and host country's national greenhouse gas inventories. For example, when Country X (buyer) receives five tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) of carbon credits from Country Y (host country), Country Y (host country) has to add five tCO<sub>2</sub>e to its greenhouse gas inventory while Country X (buyer) will reduce five tCO<sub>2</sub>e from its greenhouse gas inventory.