PLAYBOOK FOR CLIMATE FINANCE

ASIA PACIFIC EDITION



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The Nature Conservancy



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Introduction

The climate crisis is no longer a future risk. It is unfolding today.

The past two years have underscored the growing consequences of a warming world. Global temperatures are on track to exceed 1.5°C of warming in the next few years unless emissions fall much faster, while a powerful Super El Niño has amplified drought, heatwaves, flooding and ecosystem stress right across the globe.

At the same time, growing pressure on the world's life-support systems underscores a simple reality: a safe climate future depends on healthy and resilient natural systems. Yet forests, peatlands, wetlands, grasslands and coastal ecosystems are themselves under increasing stress, reducing their capacity to store carbon, regulate water and buffer communities from climate impacts. The coming decade represents a narrowing window to reverse these trends. Doing so will require investment in nature at a scale commensurate with the challenge, recognising natural systems as essential infrastructure for climate resilience, economic prosperity and human well-being.

Nowhere is the urgency and the opportunity for action more evident than in Asia and the Pacific. Home to 60% of the world's population, the region faces some of the greatest climate risks while stewarding ecosystems that are critical to global climate stability. These natural systems underpin livelihoods, food and water security and resilience across the region. They also support an economy in which approximately 75% of output depends on nature.

While climate finance continues to grow, the challenge is not only mobilising additional capital but ensuring it is deployed effectively at scale. Too much finance remains concentrated in mature markets, fragmented across funding streams, or inaccessible to the communities and landscapes that are on the front lines of climate change. Adaptation remains significantly underfunded. Indigenous Peoples and Local Communities rarely receive direct access to finance. And many high-impact nature-based solutions struggle to attract investment despite their ability to deliver multiple climate, biodiversity and development outcomes.

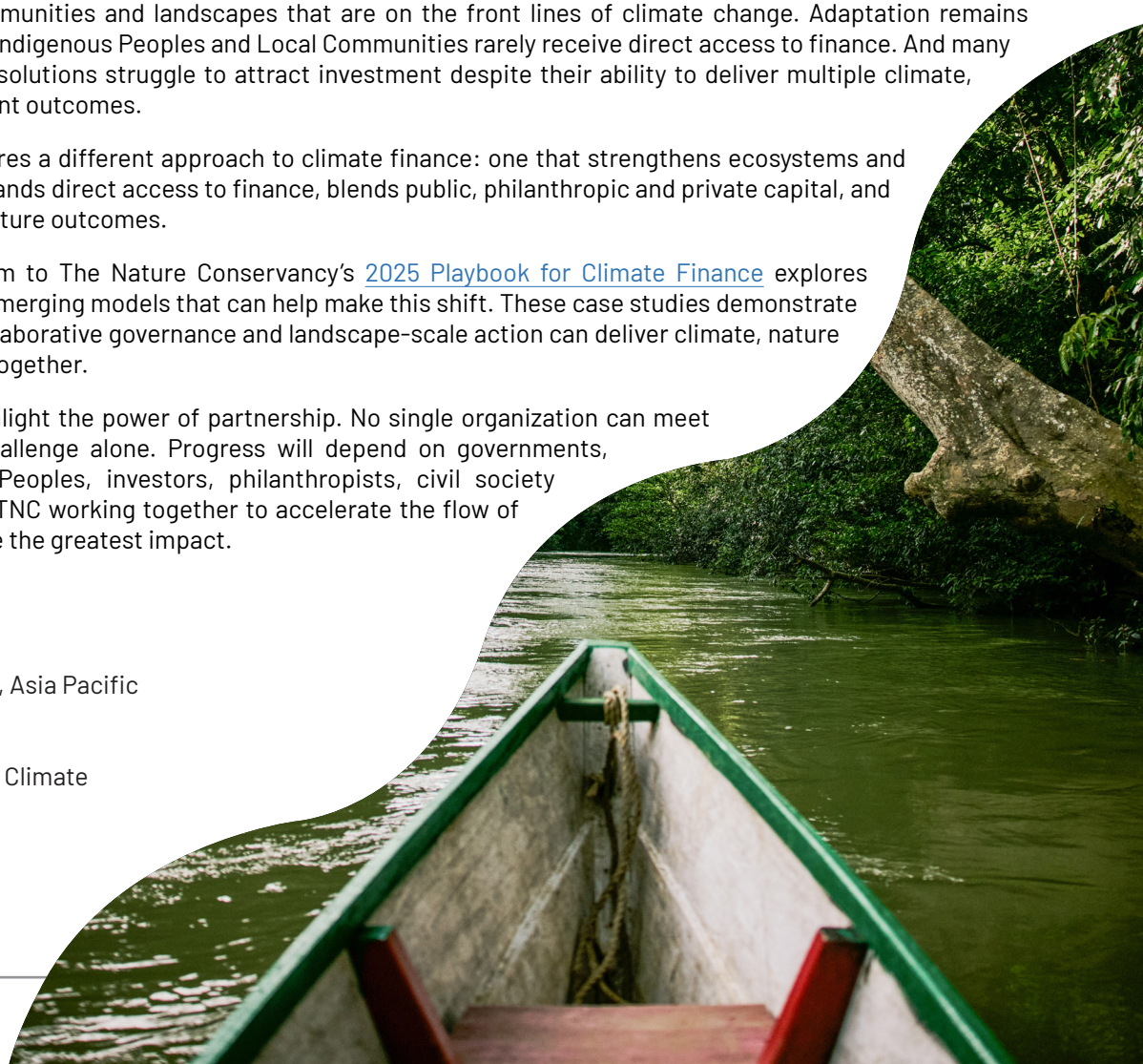
Meeting this moment requires a different approach to climate finance: one that strengthens ecosystems and communities together, expands direct access to finance, blends public, philanthropic and private capital, and better aligns climate and nature outcomes.

This Asia Pacific addendum to The Nature Conservancy's 2025 Playbook for Climate Finance explores practical approaches and emerging models that can help make this shift. These case studies demonstrate how innovative finance, collaborative governance and landscape-scale action can deliver climate, nature and community outcomes together.

Most importantly, they highlight the power of partnership. No single organization can meet the climate and nature challenge alone. Progress will depend on governments, communities, Indigenous Peoples, investors, philanthropists, civil society and organizations such as TNC working together to accelerate the flow of finance to where it can have the greatest impact.

Will McGoldrick
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CASE STUDY 1:

Supporting Indigenous Stewardship through Carbon Finance

SCALING MADE SIMPLE

GUIDING CONCEPT:
Indigenous-led savanna fire management across northern Australia is one of the world's most successful examples of nature-based climate action, showing how a legislated carbon market can deliver enduring climate, ecological and social outcomes while supporting cultural continuity and self-determination across Indigenous communities.

WHY IT WORKS:
Australia has a robust carbon market architecture, with legislated integrity standards, independent method assessments and project audits. Demand comes from Australia's largest industrial emitters who face legally binding and annually declining emissions limits, and from voluntary buyers who pay a premium for units carrying social, cultural or ecological benefits. Where projects are Indigenous owned and operated, revenue flows directly to communities, creating meaningful economic opportunities and supporting self-determination.

TIPS FOR SCALING:

- **Enable** both compliance and voluntary purchasing to maximize and protect the price premium that makes high-cost, high-benefit projects viable.
- **Integrity is decided by science, by policy design and by public attitude,** all three of which are needed to underpin a robust carbon market.
- **Embed Free, Prior and Informed Consent** as a methodological requirement so communities enter the market as owners rather than project hosts.
- **Direct revenue to communities—not intermediaries—**and invest in governance and technical capacity for long-term, self-determined project management.
- **Support Indigenous-led institutions and industry bodies** to strengthen representation, build technical and commercial capability, advocate for enabling policy settings and ensure Indigenous voices shape market development as the sector matures.

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Australia is one of the most naturally fire-prone landscapes in the world. Its native flora and fauna have evolved to live with fire, with many species relying on small, managed fires to create the right habitat for survival. The threat is not fire itself, but fire of the wrong kind, at the wrong time of year.

For millennia, Indigenous Peoples have managed northern Australia's tropical savanna, using small, controlled burns early in the dry season, when it is cooler, to maintain the health of both natural systems and cultural heritage. European colonization disrupted these practices. In their absence, intense fires became common later in the year, releasing significant greenhouse gas emissions, degrading habitat and damaging cultural sites. Climate change has compounded the threat, creating hotter, drier and longer fire seasons.

Indigenous knowledge never went away. What was missing was a way to resource it at the scale the landscape needs. As Indigenous Peoples gradually regained statutory rights to manage and care for their lands, this often came without the long-term funding, workforce capability or economic opportunities needed to restore and steward vast landscapes.

The Australian Carbon Credit Unit (ACCU) Scheme, established under the *Carbon Credits (Carbon Farming Initiative) Act 2011*, created a new opportunity to recognize and reward land management activities that reduce greenhouse gas emissions or increase carbon sequestration. The ACCU Scheme is run by an independent regulator. Indigenous communities and other landholders register projects, implement approved land management activities and are issued tradeable carbon credits. Every methodology must meet legislated integrity standards and is independently assessed before it is approved. Credits can be withheld or required to be relinquished if outcomes are not delivered.

In 2013, through collaboration between Indigenous leaders, researchers, government agencies and conservation organizations, including TNC, an ACCU Scheme methodology was approved that could measure and verify emissions reductions achieved through savanna fire management.

Building on the pioneering work of Indigenous land managers, TNC saw an opportunity to help demonstrate the effectiveness of Indigenous fire management as a climate solution, supporting some of the earliest Indigenous savanna-burning carbon projects. Catalytic philanthropic investment helped build organizational and technical capacity and increase confidence among Indigenous carbon market participants. Support for the growth of

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Indigenous-led institutions, including the Indigenous Carbon Industry Network (ICIN), further strengthened Indigenous participation and leadership within Australia's emerging carbon market.

A central lesson is the importance of an upfront commitment to Free, Prior and Informed Consent and Indigenous engagement. Where Indigenous-owned and operated projects are the model, decision-making authority remains with Indigenous stewards and project benefits flow directly to communities rather than through intermediaries. Design detail determines whether that happens, which is why early support matters.

Demand for carbon credits comes from Australia's largest industrial emitters, who must comply with legally binding emission limits that decline year over year, as well as voluntary market buyers—those seeking to offset their carbon emissions but are not legally required to do so. It is this voluntary demand that often pays a premium for credits carrying additional cultural, social or ecological outcomes. That premium is what makes projects with high delivery costs, and high returns, viable.

Together these efforts helped create the conditions for private capital to flow directly to Indigenous communities across northern Australia. For many communities this created the opportunity to not only produce and sell carbon credits through their traditional burning practices, but also to create jobs, fund other land management activities, bring Traditional Owners back to their lands and hand down traditional knowledge from elders to future generations.

The result is one of Australia's—and the world's—most successful examples of nature-based climate action. Since 2012, Indigenous-led projects have abated more than 12 million metric tons of emissions and improved management of some 24 million hectares, an area the size of the United Kingdom. Just as importantly, the Indigenous savanna industry is now valued at around AU$60 million a year, according to the ICIN. That revenue is helping support the economic sovereignty of Indigenous communities by replacing dependence on short-term grants while supporting improved ecological outcomes, the protection of cultural sites and employment and training, including of women rangers, and protection of cultural sites., and protection of cultural sites.

Indigenous-led research is also underway, supported by the Australian government, into whether the biodiversity benefits of savanna burning can be recognized under Australia's Nature Repair Market, a national scheme aimed at boosting biodiversity and increasing investment in nature.

TNC's role today is to help Indigenous organizations prepare for and navigate these new and emerging opportunities. TNC is working alongside Indigenous organizations and their representative bodies, so groups have the information and support they need to make their own decisions about whether and how to participate. TNC also is advocating for scheme settings that keep the market accessible and equitable.

Greater opportunity is still ahead. Around 70% of the land where Indigenous Peoples hold the right to run a carbon project still has no approved method under the ACCU Scheme. Method design, not land and knowledge, is the constraint. Australia's experience shows that when method design begins with the people who hold the knowledge, the result is a market that delivers climate, ecological and cultural outcomes together.

Australia's carbon market model also has global potential. Tropical savannas cover vast areas of Africa, South America and Southeast Asia, much of it managed by Indigenous Peoples and local communities facing the same fire, climate and funding challenges as Australia's Indigenous Peoples. Governments in these regions can learn from Australia's legislative architecture for carbon markets while investors and donors can help grow the technical and governance capacity needed for Indigenous communities to become integral partners in these markets.



CASE STUDY 2:

Rewarding Restraint to Pull India's Aquifers Back from the Brink

SCALING MADE SIMPLE

GUIDING CONCEPT:

TNC is partnering with the state government to solarize Punjab's grid-connected irrigation pumps, turning groundwater conservation into a source of farmer income while cutting methane and carbon emissions and easing the fiscal burden of electricity subsidies across the nation's breadbasket.

WHY IT WORKS:

By fitting solar generators over pumps and letting farmers sell surplus power back to the grid, the model creates a financial incentive to conserve water and electricity. Every unit of water left in the aquifer frees up solar power to sell, offering an alternative to a subsidy that currently promotes over-pumping. When paired with low-carbon rice cultivation practices that require less water by removing the need for continuous flooding, methane emissions are also reduced. Aligning the interests of farmers (new income), the state (lower subsidy costs) and the climate (reduced groundwater extraction, less fossil fuel-powered energy consumption and fewer methane emissions) makes the solution financially self-reinforcing rather than dependent on government enforcement.

TIPS FOR SCALING:

- **Realign incentives:** Rather than trying to address politically sensitive subsidies, give resource users an incentive to conserve.
- **Create a new revenue stream:** By allowing the selling of surplus solar back to the grid, conservation directly rewards the people using the resource.
- **Target interventions where a single change delivers stacked benefits:** Water security, fiscal savings and emissions cuts all at once.
- **Partner with governments:** Build on existing infrastructure (grid-connected pumps) and public finance rather than starting from scratch.
- **Pilot, monitor and publish outcomes:** Build the evidence base for replication across other states and regions.

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Punjab is one of the most productive agricultural areas in the world, often called the "breadbasket" of India. The "green revolution" of the 1960s supercharged agriculture across this region with the introduction of fertilizers, irrigation systems and high-yield crops, particularly wheat and rice. The increased production fed millions and lifted communities out of poverty. But, today, decades of intensive rice and wheat production—which typically require large amounts of water—have severely depleted Punjab's groundwater supplies. According to India's Central Ground Water Board, Punjab is the country's most groundwater-stressed state, with water extraction exceeding the region's natural recharge capacity by 156%.

Compounding the problem is a government subsidy program launched during the green revolution that provides farmers with free electricity to run grid-connected pumps that extract groundwater. Because farmers incur no costs for the electricity, there is no incentive to conserve the power that runs the pumps or the groundwater they withdraw. Frequent over-pumping threatens groundwater resources and, in turn, jeopardizes the sustainability of the local economy while increasing energy consumption. This over-pumping has supported traditional paddy rice cultivation that relies on flooded soils that create anaerobic conditions and generate methane gas. The electricity subsidies also cost Punjab about U.S.$800 million every year, an unsustainable amount for the already cash-strapped government. The state's overall debt sits at nearly half of its annual domestic product. But because local farming communities have come to rely on this free power over the decades, it is challenging for the government to withdraw the subsidy. As groundwater reserves continue to fall, farmers drill deeper into the aquifers. Deeper wells mean more electricity is needed to pump groundwater to the surface, which, in turn, leads to greater energy consumption and financial costs for the state. And as groundwater reserves shrink, India's breadbasket is being pushed to the brink, threatening food security for the nation's 1.5 billion people.

To address this looming crisis, TNC has partnered with the government of Punjab to launch a pilot program that helps farmers install solar power generators over their grid-connected electrical pumps. The generators not only run the pumps but are connected to the grid. Farmers can sell excess (net metered) solar power back to the electrical grid, giving them an additional source of income and a powerful incentive to pump only the exact amount of water needed for their crops. This further supports the adoption of low-carbon rice cultivation practices requiring less flooding, including direct seeding (in place of nursery-seeded rice) and alternate wetting and drying.

With some 1.4 million grid-connected pumps across Punjab, the potential impact is enormous for water security, fiscal savings and climate action. The targeted 100,000 pumps equipped with solar power are expected to mitigate 1.3 million metric tons of carbon dioxide every year in a state where fossil fuels supply more than 85% of the electricity. Farmers can generate alternative income by selling excess solar power back to the grid, while the Punjab government is expected to save millions of dollars each year since the cost of purchasing excess solar power costs less than supplying free electricity. And groundwater supplies currently under severe stress will be conserved and allowed to recharge, supporting food security across Punjab and the nation.

Punjab's pilot built on lessons from an earlier initiative in Gujarat, adapting the approach to the state's own agricultural and water management context. As experience accumulates from pilots and programs across multiple Indian states, governments will have increasing evidence on how solar-powered irrigation can support groundwater stewardship, farmer incomes and climate goals.



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CASE STUDY 3:

Deploying Water Funds to Secure Clean Water and Climate Resilience

SCALING MADE SIMPLE

GUIDING CONCEPT:

The China Water Fund model is a collaborative water-finance and watershed conservation platform that connects science, finance and local implementation to improve water quality and enhance climate resilience. Building on the Water Fund approach pioneered globally by TNC and partners, it is being adapted and scaled across priority watersheds in China, mobilizing public, philanthropic and corporate funding for nature-based solutions and long-term watershed stewardship.

WHY IT WORKS:

Water funds create a durable financing and delivery platform by connecting watershed beneficiaries with upstream conservation and long-term stewardship. Businesses, utilities and other beneficiaries contribute to protecting the watersheds on which they depend, while philanthropic, public and corporate funding supports the upfront science, planning, stakeholder engagement and pilot implementation needed to get projects started. Where appropriate, corporate water stewardship funding can be linked to measurable water outcomes. Nature-based solutions and shared watershed governance help target investment, lower transaction costs and align diverse stakeholders around a common strategy.

TIPS FOR SCALING:

- **Use blended early-stage funding** from philanthropic, public and corporate partners to support watershed diagnostics (including climate modelling), project design, stakeholder engagement and pilots.
- Where appropriate, **link corporate water stewardship funding to measurable water and resilience outcomes** and long-term stewardship.
- **Build shared governance** that brings together government agencies, companies, utilities, farmers, village collectives and technical partners around a common watershed strategy.
- **Standardize diagnostics, accounting and monitoring,** and connect implementation with supportive public policy to enable replication across priority watersheds and regions.
- **Engage local and broader water support communities** in ecological stewardship and climate adaptation capacity building, while promoting just and inclusive benefit distribution.

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Water scarcity, pollution and land degradation are placing significant pressure on watersheds across China. In 2016, TNC's China Urban Water Blueprint found that nearly half of China's water pollution was associated with non-point source pollution linked to land use and land degradation, including runoff of fertilizers, pesticides and livestock waste into rivers, lakes and wetlands. Climate change is further intensifying drought and flood risks, while more intense rainfall can exacerbate runoff of nutrients, sediment and other pollutants into waterways.

To address these challenges, the China Water Fund model works with governments, businesses, communities and technical partners to connect watershed finance with upstream conservation and restoration. Watershed conservation can complement conventional water infrastructure by reducing water-quality risks and, in some settings, treatment costs. TNC's global Urban Water Blueprint found that a 10% reduction in sediment and nutrient pollution can reduce water-treatment operating costs by roughly 5%, although returns vary widely by watershed and city. Healthy watersheds also can improve water retention and flood regulation, restore habitats and strengthen rural resilience. China and the Asia Pacific region are among the places projected to experience the greatest increase in climate-driven flooding in the coming decades. Nature-based solutions, including protection, management and restoration of watersheds, have been shown to reduce the risk of flooding and people's exposure and vulnerability to its impact, while increasing biodiversity and enhancing human well-being.

Water funds typically work through four connected functions:

- First, science guides watershed diagnostics, including climate modelling, identifying priority areas and informing the selection and design of nature-based solutions and agricultural best management practices.
- Second, philanthropic, public, corporate and other early-stage partner funding supports project design, stakeholder engagement and pilot implementation. Monitoring and evaluation of pilots then help refine interventions and inform subsequent scaling.
- Third, businesses, utilities, philanthropic partners, public funders and other beneficiaries provide funding for watershed conservation and, where appropriate, measurable water, climate and biodiversity benefits.
- Finally, funding is translated into land management incentives, conservation implementation, community stewardship, monitoring and long-term maintenance undertaken by village committees, farmers, local NGOs and technical partners.

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Together, these functions create a durable governance and delivery platform that can lower transaction costs, coordinate diverse stakeholders and connect finance with long-term watershed stewardship.

In 2015, TNC and partners launched China's first water fund at Longwu Reservoir, helping improve source-water quality for approximately 4,000 residents through improved land management and community stewardship. More recently, micro-wetlands with a combined treatment capacity of approximately 1.1 million cubic meters annually have further supported water-quality protection and biodiversity. TNC, the Alibaba Foundation, Wanxiang Trust and partners also helped establish Qingshan Nature School, which reaches approximately 10,000–15,000 participants each year through nature education, biodiversity awareness, community participation and watershed stewardship activities.

In 2018, TNC, the Alibaba Foundation and the Minsheng Tonghui Foundation helped launch the Qiandao Lake Water Fund to protect the Qiandao Lake–Xin'an River basin, which supplies water to about 10 million people in Hangzhou and downstream cities. TNC designed the fund's mechanism and provided technical support, and the fund was developed alongside a related World Bank project backed by a U.S.$150 million loan. From 2018 to 2025, it raised more than U.S. 2.9 million from its founding foundations and corporate partners, funding wetland restoration and regenerative agriculture at multiple sites.

In 2025, due to the widespread recognition of and demand for the model, The China Water Fund Partnership (CWFP) was established as a watershed stewardship organization, marking the transition of the China Water Fund from its incubation within TNC to operating as an independent partner of TNC in China.

The CWFP is now adapting and scaling its approach across three priority regions: the Yangtze River Delta; the Beijing–Tianjin–Hebei region; and the Guangdong–Hong Kong–Macao Greater Bay Area. Climate adaptation and flood resilience are increasingly important priorities in this work, with nature-based solutions helping strengthen watershed resilience to climate-related risks.

As the approach expands to new regions, the China Water Fund has established its own Watershed Resilience Lab, working with research and technical partners to support standardized watershed diagnostics, water-benefit accounting, governance models and monitoring. China's Regulations on Ecological Conservation Compensation, which took effect in 2024, provide a supportive policy context by recognizing market-based compensation mechanisms and encouraging businesses, philanthropic organizations and other social capital to participate in ecological conservation. This direction is also aligned with China's National Climate Change Adaptation Strategy 2035, which emphasizes nature-based solutions, ecosystem resilience and stronger capacity to address climate-related water risks. Together, these developments create opportunities to adapt and replicate the water-fund approach as a financing and delivery mechanism for watershed conservation, water security and climate resilience across more priority watersheds in China.



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CASE STUDY 4:

Insuring Natural Infrastructure to Fund Rapid Recovery

SCALING MADE SIMPLE

GUIDING CONCEPT:
TNC is using parametric insurance to help protect Hawai'i's coral reefs—natural storm barriers worth more than U.S.$836 million a year in flood protection alone. This kind of insurance triggers fast payouts after major storms and, in the process, catalyzes a statewide emergency response network that safeguards reefs against threats far beyond those the policy covers.

WHY IT WORKS:
Because parametric policies issue payments based on agreed upon storm triggers rather than lengthy damage assessments, funding flows within days and restoration begins before dislodged coral dies and loss becomes permanent.

TIPS FOR SCALING:
- **Insure natural infrastructure** (reefs, mangroves, wetlands) as valuable, quantifiable assets that shield people and property from climate impacts.
- **Use parametric triggers**—agreed upon event thresholds within a defined area—to settle claims fast, so restoration starts before damage becomes irreversible.
- **Pair coverage with prebuilt response capacity** (trained crews, standing protocols, preapproved emergency permits) so payouts translate into action at a moment's notice.
- **Diversify funding beyond the policy** (public, private, philanthropic or blended) so crews are prepared and restoration continues regardless of the cause of damage.

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History was made in 2026 when insurance payouts were distributed for coral reefs in Hawai'i following back-to-back hurricanes. It was the first time insurance checks specifically covering natural infrastructure had ever been issued in the United States. The insurance policy, first purchased by TNC in 2022 with generous support from visionary donors, is part of a growing trend of coverage—called parametric insurance—that is proving essential as climate change is skyrocketing the threats to natural systems and the cost to restore them.

Unlike traditional indemnity insurance policies that make payments based on damage assessments which can take weeks or months, parametric insurance is triggered when a set of pre-agreed events occur within a defined area. There is no straightforward way to calculate the "repair cost" of a coral reef, mangrove forest, watershed, or wildlife habitat and even if traditional insurance tools were applied, by the time damage assessment took place, losses could become permanent. Parametric insurance can provide immediate financial resources to enable rapid emergency response and repair when natural systems need them most.

In the case of Hawai'i, the expanded reef insurance policy now covers 555,137 square kilometers (about 214,340 square miles) across the Main Hawaiian Islands and is triggered when storm winds of 50 knots or greater occur within the coverage area. The amount the policy pays increases with higher sustained wind speeds and the storm's proximity to the core coverage area. By removing the need for lengthy damage assessments required by indemnity insurance, parametric coverage can settle claims more quickly—based on real-time storm events—allowing funding to flow and restoration to begin almost immediately.

Coral reefs play a vital role in Hawai'i's security, economy and culture. Each year they provide flood protection to people and property, valued at more than U.S.$836 million. Hawai'i's reefs also support nearshore fisheries—an important local food source—which generate more than U.S.$13 million each year. Reef tourism contributes more than U.S.$1.2 billion annually to Hawai'i's economy. In addition, coral reefs hold profound cultural, spiritual and traditional significance for Native Hawai'ians.

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Healthy, intact reefs serve as Hawai'i's first line of defense against storms, absorbing up to 97% of wave energy. But even as they shield onshore communities from storm impacts, coral reefs can be toppled by huge waves, broken into fragments and slammed by debris washed into ocean waters. Hurricanes are among the top short-term stressors to coral reefs, and after severe hurricanes, live coral cover can drop by 50% or more. Losing just one meter of reef height can double the cost of storm damage to coastal properties and infrastructure, including roads and sewage systems. Climate change is weakening coral reefs, making it more difficult for them to naturally rebound. But coral damage can be repaired — if conservation action is taken quickly enough.

In Hawai'i, that quick action is led by the Hawai'i Emergency Reef Restoration (HERR) Network, a statewide coalition of government agencies, scientists, nonprofits and community groups that came together after the first insurance policy was purchased to ensure response teams were prepared. HERR members undergo specialized training, develop statewide protocols and create island-specific plans so they can respond to disasters or other restoration opportunities at a moment's notice.

After back-to-back Hurricanes Lala and Lowell hit Hawai'i within weeks of each other in August and September 2026, the insurance policy paid TNC—the policy holder—U.S.$500,000 in total for the two storms. TNC then passed the funding to the HERR Network which quickly conducted damage assessments, activated emergency permits and began to remove debris, reattach broken corals and stabilize reef structures.

While the insurance payments have been essential for repairing Hawai'i's reefs, the formation of the HERR Network has been one of the most catalytic outcomes of the coverage, transforming emergency reef response across the state. While HERR's original focus was the repair of storm-damaged corals using insurance payouts, its mission has expanded over the years and, today, HERR is using cross-sector collaboration to respond to reef damage caused by boats, ocean swells, infrastructure development and other threats not covered by the insurance policy. HERR is now seeking new funding mechanisms—public, private, philanthropic or blended—to ensure reef repair and restoration occurs regardless of the cause of damage.

The innovative idea for insuring coral reefs started in 2019 when TNC launched a pilot project in Quintana Roo, Mexico. The model is now taking root in roughly 20 locations around the world, with a variety of entities serving as policy holders. The model is also being extended to other natural systems, including mangroves.

As climate change increasingly threatens natural systems and the communities that rely on them, Hawai'i is demonstrating how innovative insurance tools can help to fill the widening adaptation finance gap. As stronger storms, warming oceans and sea level rise intensify, these new approaches can provide much needed funding while also sparking the cross-sector collaborations needed to protect people and nature.

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CASE STUDY 5:

From Agreements to Investment: Singapore's Emerging Article 6 Market Architecture

SCALING MADE SIMPLE

GUIDING CONCEPT:
Through its Singapore-based Article 6 Catalyst, TNC is helping turn Article 6 cooperation agreements into investable high-integrity nature-based carbon projects by overcoming early-stage barriers to investment readiness, including feasibility assessment, government alignment and inclusive, locally led project design.

WHY IT WORKS:
Article 6 lets countries cooperate to meet their climate targets, but bilateral agreements alone don't produce projects and don't mobilise finance. Singapore closes that gap by assembling every part of the market at once so investable projects and confident capital emerge together. TNC's Article 6 Catalyst uses public and philanthropic funding to strengthen the two pieces most often missing: project readiness (feasibility, safeguards, MRV) and country readiness (authorization requirements and institutional capacity).

TIPS FOR SCALING:

- **Pair bilateral agreements with clear market rules** up front (e.g., an international carbon credit framework defining eligibility and integrity) so developers and buyers know what will qualify.
- **Invest in the supply side** using grants and catalytic support to fund early-stage project development (feasibility, safeguards, community engagement, MRV) and build a pipeline of high-integrity credits.
- **Build country readiness alongside projects by** helping partner governments understand authorization requirements and implementation pathways so agreements translate into real transactions.
- **Pair upfront investment in supply with credible sources of demand** that recognise and are willing to reward quality.
- **Strengthen financial intermediation** by equipping financial institutions with the expertise, products and risk-management tools needed to finance transactions.

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Article 6 of the Paris Agreement enables countries to cooperate in achieving their nationally determined contributions through the transfer of mitigation outcomes. Yet bilateral agreements alone do not create investable projects or mobilise climate finance. They must be supported by clear rules, project pipelines, financial intermediaries and credible demand for high-integrity carbon credits.

Singapore is emerging as a leading example of how governments can play a leading role in bringing these elements together. Through bilateral cooperation agreements, its International Carbon Credit Framework, buyer incentives and targeted investment programs, Singapore is building a carbon market ecosystem designed to translate Article 6 agreements into real-world climate, nature and community outcomes. As of 2026, Singapore had signed or substantively concluded Article 6 Implementation Agreements with 12 countries across Asia Pacific, Africa and Latin America, while creating a regulatory framework that allows eligible international carbon credits to be used against a portion of domestic carbon tax obligations.

But a shortage of investment-ready projects and host countries prepared to participate in Article 6 transactions remains a key challenge. To help address this gap, the Singapore Economic Development Board (EDB) established the Carbon Project Development Grant, which supports organizations undertaking early-stage activities needed to develop high-quality Article 6 projects. The grant focuses on strengthening the supply side of the market and building the pipeline of future projects required to meet growing demand for high-integrity credits. Organizations participating in the EDB-led initiative also have access to additional funding through a U.S.$15 million donor-advised fund established by the Singapore-based Temasek Trust Foundation Advisors, providing philanthropic capital to supplement the government's own investment.

TNC has secured funding through the Carbon Project Development Grant program to launch the Article 6 Catalyst initiative with the aim of demonstrating how Article 6 can mobilise finance for natural climate solutions and deliver credible, high-integrity climate mitigation, while supporting local communities and ecosystems.

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The Catalyst addresses a critical market gap: While demand for Article 6-aligned credits is growing, there remains a shortage of investment-ready, high-integrity nature-based carbon projects as well as countries prepared to participate in international carbon transactions. The initiative supports the development of feasibility-stage projects while also working with governments and partners to strengthen the policy, institutional and technical readiness needed for future Article 6 transactions. This includes helping identify and assess potential projects, supporting safeguards and community engagement processes, strengthening carbon and MRV readiness, and working with partner governments to better understand authorization requirements and implementation pathways under Article 6. By addressing both project readiness and country readiness, the Catalyst helps bridge the gap between bilateral agreements and implementation on the ground, while building Singapore-based capabilities in supporting the development of high-integrity, locally-led, policy-aligned projects around the globe.

TNC has a long track record of developing high-integrity nature-based solutions, from pioneering project models and carbon methodologies to supporting enabling policy and market frameworks. Through its global Natural Climate Solutions Accelerator, TNC works with governments, communities and private sector partners to develop investment-ready carbon projects that deliver measurable climate, biodiversity and community benefits. As a founding member of the Southeast Asia Climate and Nature-based Solutions Coalition—known as the SCeNe Coalition—TNC works with nine other conservation groups to support and empower frontline organizations to develop high-integrity nature-based projects through accessible tools and resources, incubation and access to finance. TNC has also been heavily involved in helping governments, practitioners and investors understand and begin to operationalize Article 6 of the Paris Agreement through technical analysis, explainers and policy guidance. Through the Article 6 Catalyst TNC is focusing this expertise on the challenge of translating Article 6 cooperation agreements into meaningful climate, nature and community outcomes.

Singapore has also invested in the demand and finance side of the market. The Singapore Carbon Market Alliance connects buyers and suppliers of high-integrity credits, while the Monetary Authority of Singapore's Financial Sector Carbon Market Development Grant supports financial institutions to develop the expertise, products and risk-management tools needed to finance carbon market transactions. Together with the Carbon Project Development Grant, these initiatives help connect policy frameworks, project supply, buyer demand and financial intermediation into a coherent carbon market ecosystem.

While still evolving, Singapore's approach offers an important lesson for scaling climate finance. Bilateral agreements are most likely to deliver results when they are supported by coordinated investments in project development, country readiness, market demand and financial infrastructure. Through the Article 6 Catalyst, TNC is helping test how these elements can be connected in practice, supporting both the pipeline of high-integrity nature-based projects and the enabling conditions needed for future transactions.

The lessons generated through this work can help inform future Article 6 implementation across Asia Pacific and other emerging carbon market jurisdictions. Key challenges remain, including limited investment-ready project pipelines, evolving domestic Article 6 frameworks, buyer uncertainty, and the high upfront cost of developing credible projects before credits exist. But developers, financial institutions, governments and civil society can help overcome these challenges by providing continued catalytic capital and supporting the enabling conditions that build buyer confidence and help host-countries become project ready. TNC is sharing lessons from its Article 6 Catalyst initiative to demonstrate how Singapore's model can bolster bilateral collaboration, support nature-based project development and advance high-quality carbon markets.

Conclusion

The climate and nature crises are converging across Asia and the Pacific—but so too are the solutions.

The examples in this Asia Pacific addendum of the Playbook for Climate Finance demonstrate that effective climate finance is about more than raising capital. It is about directing finance toward more resilient communities, healthier ecosystems, reduced emissions and long-term prosperity. Achieving these outcomes requires approaches that recognize the interconnected nature of climate, biodiversity and development challenges.

The next phase of climate finance must move beyond fragmented funding streams and isolated projects. It must operate at the scale of ecosystems and landscapes, combine climate and nature objectives, and ensure that Indigenous Peoples and Local Communities and other frontline actors have meaningful roles in decision-making and equitable access to resources.

Public finance and philanthropy will remain essential for creating enabling conditions and reducing risk, but they cannot meet the challenge alone. Scaling impact will require stronger partnerships, innovative financing structures, collaborative governance models and greater mobilization of private capital.

TNC is committed to working alongside governments, Indigenous Peoples and Local Communities, investors, development partners, philanthropists and civil society organizations to help scale these approaches across the region and the world.

The coming decade will determine whether we can reverse the decline of the natural systems that underpin human well-being and economic prosperity. Asia and the Pacific have both the urgency and the opportunity to help lead a transition toward financial systems that value nature, strengthen resilience and deliver lasting benefits for people.

Investing in nature is investing in climate resilience. Investing in communities is investing in long-term prosperity. Together with ambitious decarbonization efforts, these investments offer one of the clearest pathways toward a safer, more resilient future for Asia and the Pacific, and for the planet as a whole.

Investing in climate and nature is investing in livelihoods and a resilient future—and it's sound economics. If we get it right, this moment can be a turning point toward a more prosperous, equitable and sustainable world.

Questions? Collaboration?
Get in touch with us at media@tnc.org or visit nature.org/climate.

The Nature Conservancy is a global conservation organization dedicated to conserving the lands and waters on which all life depends. Guided by science, we create innovative, on-the-ground solutions to our world's toughest challenges so that nature and people can thrive together. We are tackling climate change, conserving lands, waters and oceans at an unprecedented scale, providing food and water sustainably and helping make cities more resilient. The Nature Conservancy is working to make a lasting difference around the world in 81 countries and territories (40 by direct conservation impact and 41 through partners) through a collaborative approach that engages local communities, governments, the private sector, and other partners. To learn more, visit nature.org.