

Mongolia's participation in Article 6 and its expected contribution to NDC ambition - Use of Article 6 under the NDC Action Plan and Article 6.2 Authorization criteria and process

February 2026



Mongolia is among the countries most affected by climate change — but we are not standing still.



NDC 3.0 is a realistic, data-driven, and implementable plan.



The successful implementation of this goal relies on collective participation, and the key question is: how do we work together?

Current Climate Change in Mongolia

Over the past 85 years, the average air temperature



2.5°C increased



The annual total precipitation



10-40% decreased



The frequency and intensity of natural disasters



2 times increased



76.9% of the country's territory is affected by desertification



As of 2021, 655 springs and streams have dried up



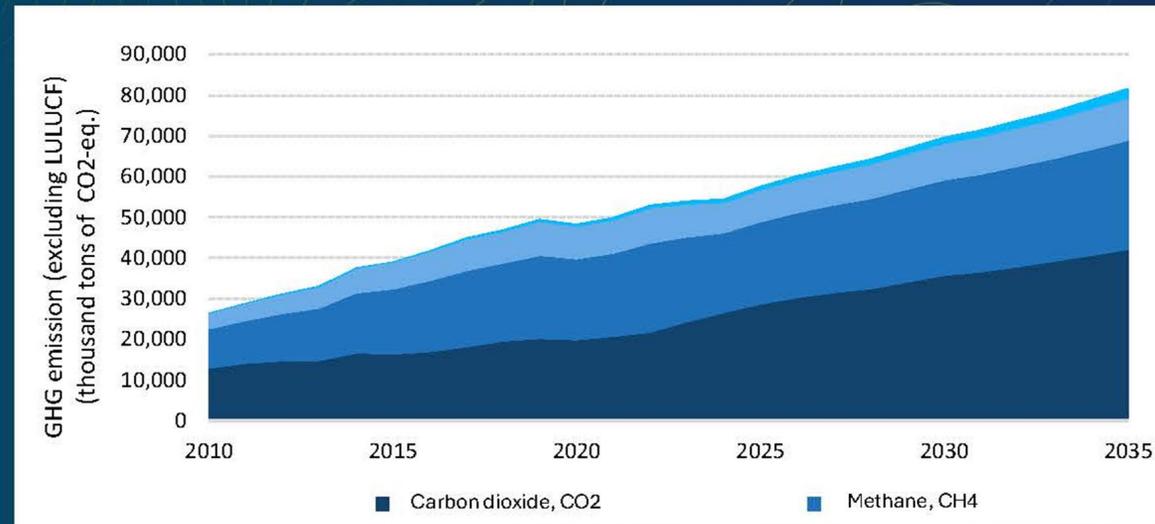
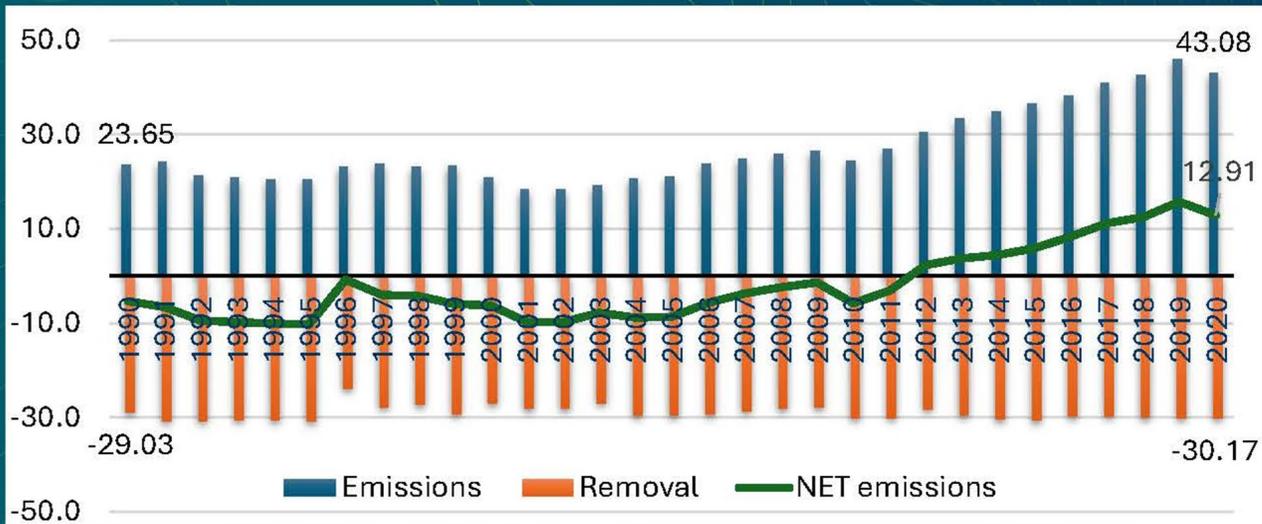
Glacier area has decreased by 50%



Pasture carrying capacity has significantly declined



Mongolia's total and net GHG emissions/removals, 1990-2020/



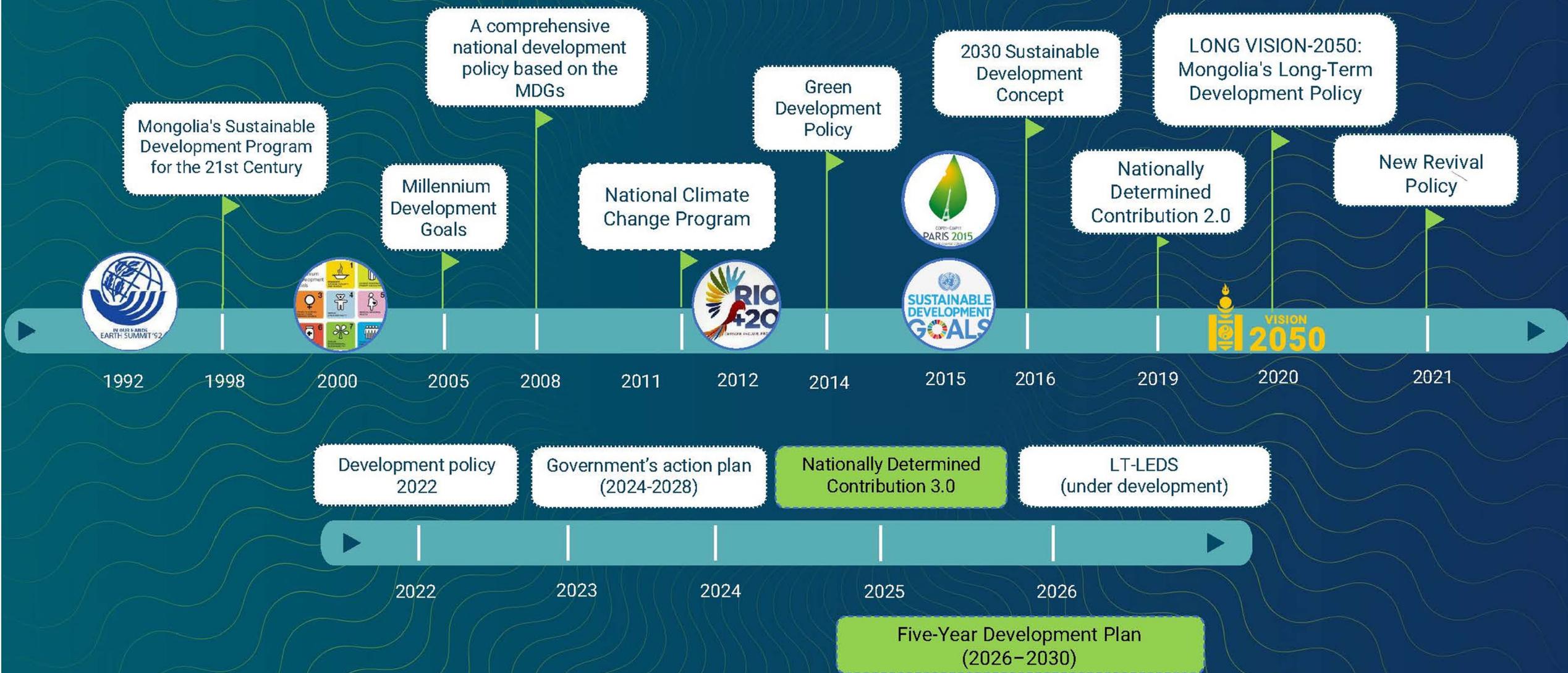
Sector	Emissions and removals, (Gg CO ₂ eq.)		Change from 1990 (Gg CO ₂ eq.)	Change from 1990 (%)
	1990	2020		
Energy	12,086.55	19,292.48	7,205.92	59.62%
IPPU	284.98	1,147.75	862.77	302.75%
Agriculture	11,221.64	22,390.57	11,168.93	99.53%
Waste	55.62	250.82	195.20	350.95%
Total (excluding LULUCF)	23,648.79	43,081.62	19,432.82	82.17%
LULUCF	-29,027.19	-30,172.52	-1,145.33	3.95%
Net total (including LULUCF)	-5,378.40	12,909.10	18,287.49	340.02%

NDC 3.0	2010	2015	2020	2025	2030	2035
Energy sector	13,700.4	17,492.6	21,276.7	29,873.1	36,687.9	42,794.7
Energy production	8,035.4	10,170.4	12,390.5	17,436.0	21,568.8	25,444.2
Energy consumption	5,662.4	7,322.2	8,885.6	12,438.2	15,121.0	17,352.6
IPPU	603.7	1,450.1	1,411.9	2,335.4	3,684.9	4,377.6
Construction	3,285.8	4,006.6	4,243.1	4,616.3	4,964.2	5,280.1
Transport	1,773.0	1,865.5	3,230.5	5,486.4	6,471.9	7,694.9
Non-energy sector	12,720.4	21,526.3	27,043.8	27,762.2	32,976.0	38,868.4
Agriculture	12,103.0	20,650.4	25,275.1	24,954.3	28,940.1	33,303.5
IPPU	320.5	465.7	1,164.3	2,037.2	3,042.5	4,339.9
Waste management	296.9	410.1	604.4	770.7	993.5	1,224.9
GHG baseline scenario, Thousand tons of CO ₂ -eq.	26,420.9	39,018.9	48,320.5	57,635.4	69,663.9	81,663.0

Source: Fourth National Communication Report, 2024

Baseline scenario of the GHG inventory (by economic sector), thousand tCO₂-eq

Key National Development Policy Frameworks Related to Climate Change



GHG mitigation sectors



- Energy
- Transport
- Construction
- IPPU
- Waste
- Forestry
- Develop a roadmap for updating and advancing the NDCs;
- Support the submission of the NDC 3.0 document to the UNFCCC Secretariat;
- Development of the NDC 3.0 Action Plan.

Adaptation and others



- Global Stocktake for NDC 2.0
- NDC 3.0 adaptation components
- Gender target gap assessment
- NDC 3.0 Financial and Technological Needs Assessment

Agricultural sector



- Animal husbandry
- Arable farming, land use and land use change



Food and Agriculture
Organization of the
United Nations

Social sector adaptation



- Public health
- Social protection
- Youth engagement
- Education and Culture

NATIONALLY DETERMINED CONTRIBUTION 3.0



Newly added



Education and Culture Sectors

- Enhance climate knowledge, awareness, and capacity, and support the participation and leadership of children and youth;
- Protect tangible and intangible cultural heritage, traditional culture, and knowledge, and establish systems for adaptation to climate change.

Cross-Sectoral Coordination and Integration

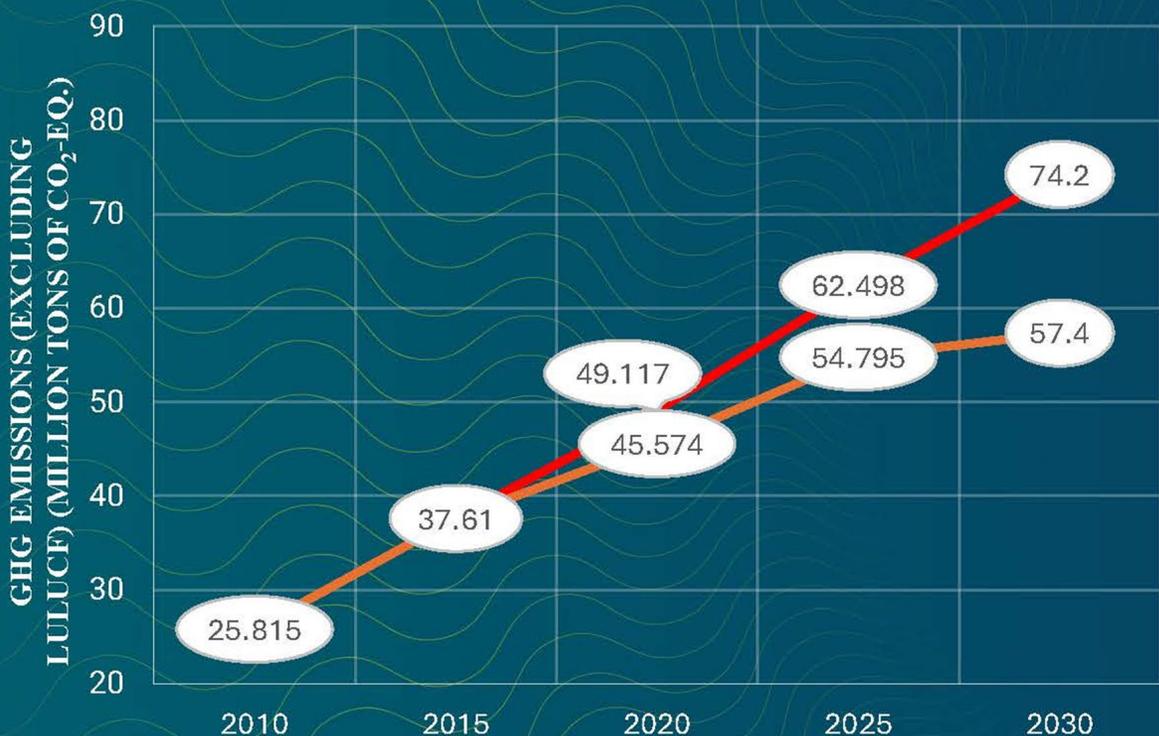
- Improve the legal framework and institutional capacity;
- Establish sustainable financing mechanisms;
- Ensure gender equality and balanced social inclusion;
- Support research and evidence-based decision-making.



NDC 2.0 Target

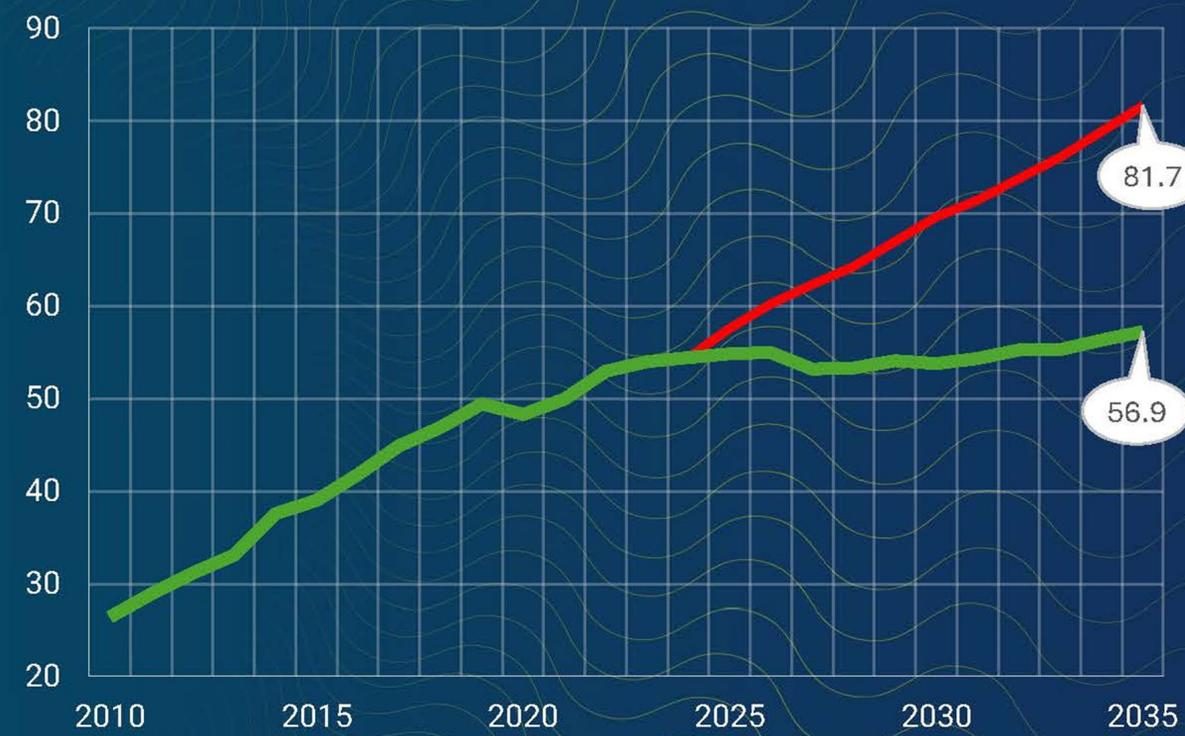


NDC 3.0 Target



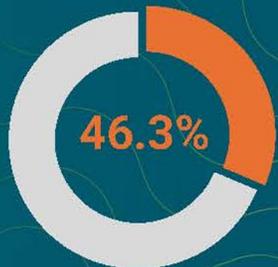
- 8,341 - 830 - 1,279 - 1,049 - 5,283 - 106

-16.9 million-ton CO₂-eq.



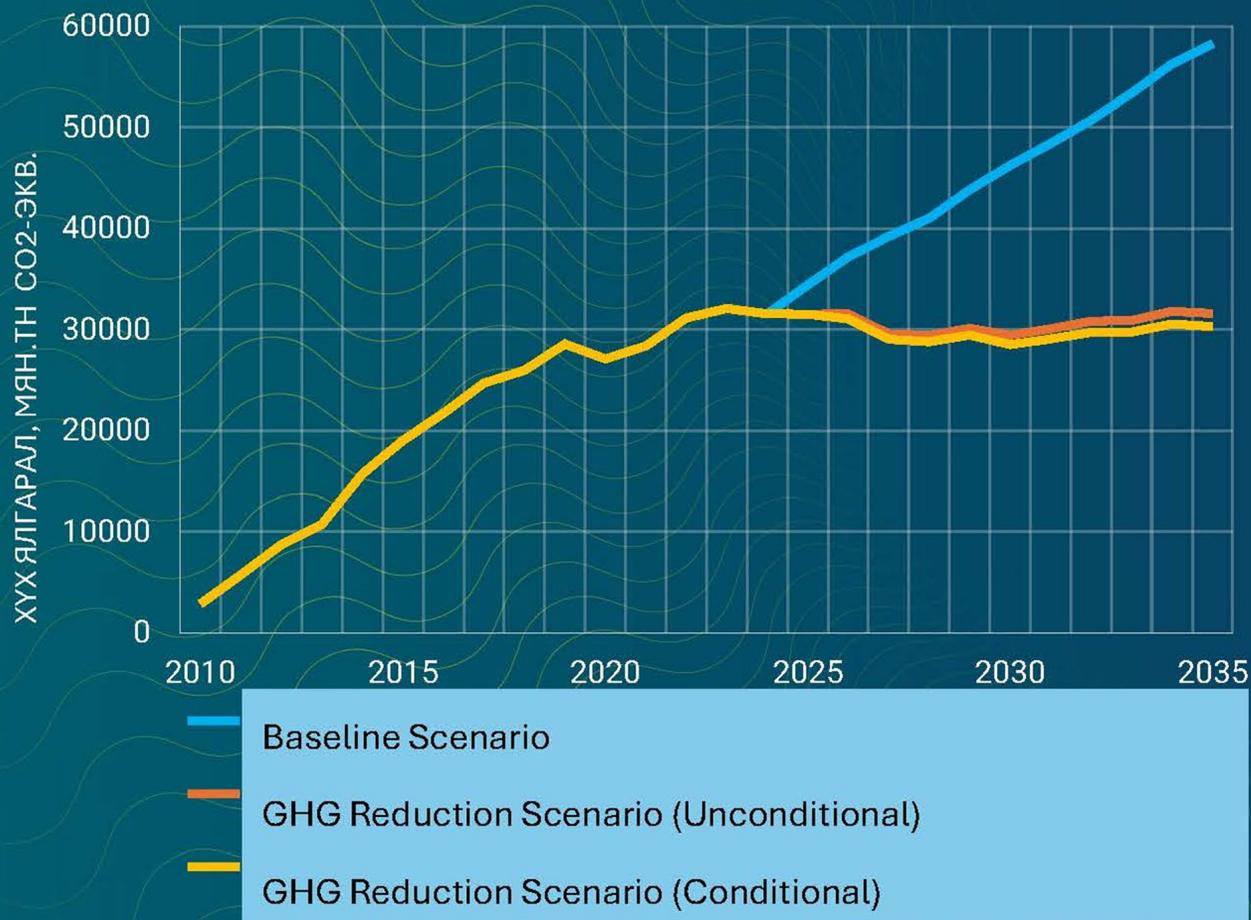
- 8,265 - 1,066 - 1,313 - 3,466 - 9,781 - 844

-24.7 million-ton CO₂-eq.



NDC 3.0 TARGETS

(Unconditional + Conditional Measures + Forestry Sink)



**Total GHG Emission Reduction
(Unconditional + Forest Sink + Conditional Measures)**

- 31,878.1 thou. tons CO2-eq.

Total GHG Emission Reduction (Unconditional)

- 24,735.5 thou. tons CO2-eq.

Increase in Forest Carbon Sink

- 3,285.2 thou. tons CO2-eq.

Total GHG Emission Reduction (Conditional)

- 3,942.1 thou. tons CO2-eq.

Sectoral Contributions



Construction:

Energy-efficient housing and reduction of heat loss.



Energy:

Improving efficiency in energy production, expanding renewable energy sources, and optimizing fuel consumption.



IPPU:

Utilizing waste heat from cement plants; using fly ash and ground fluorite in cement production; and introducing carbon capture and storage technologies.



Agriculture:

Promoting environmentally friendly livestock production, aligning herd size with pasture carrying capacity, and supporting meat exports.



Waste management:

Recycling, methane gas utilization, and modernization of wastewater treatment facilities.



Transport:

Shifting coal transport to rail and promoting electric vehicles and public transportation.



These measures will serve as key drivers for Mongolia's transition toward a green, low-carbon economy.

Priority Areas for Adaptation

Mongolia has defined its adaptation goals across 10 sectors to reduce climate risks. **These include:**

biodiversity, water, forestry, disaster risk management, livestock, crop production, health, social protection, education, culture, and cross-sectoral coordination.

Successful implementation of these goals will reduce social and economic risks and vulnerabilities, paving the way toward a climate-resilient future.

Needs, Requirements, and Next Steps

Comprehensive Version of the “Updated Nationally Determined Contribution” (**NDC 3.0 Comprehensive version**)

Action Plan and Investment Plan of the “Updated Nationally Determined Contribution” (**NDC 3.0 Action Plan & Investment Plan**)

Carbon Market Regulation (**Carbon market development regulation**)

Law on Climate Change (**Draft Law on Climate Change**)

Long-Term Low-Emission Development Strategy (**LT-LEDS**)



Needs, Requirements, and Next Steps

Role of the Government

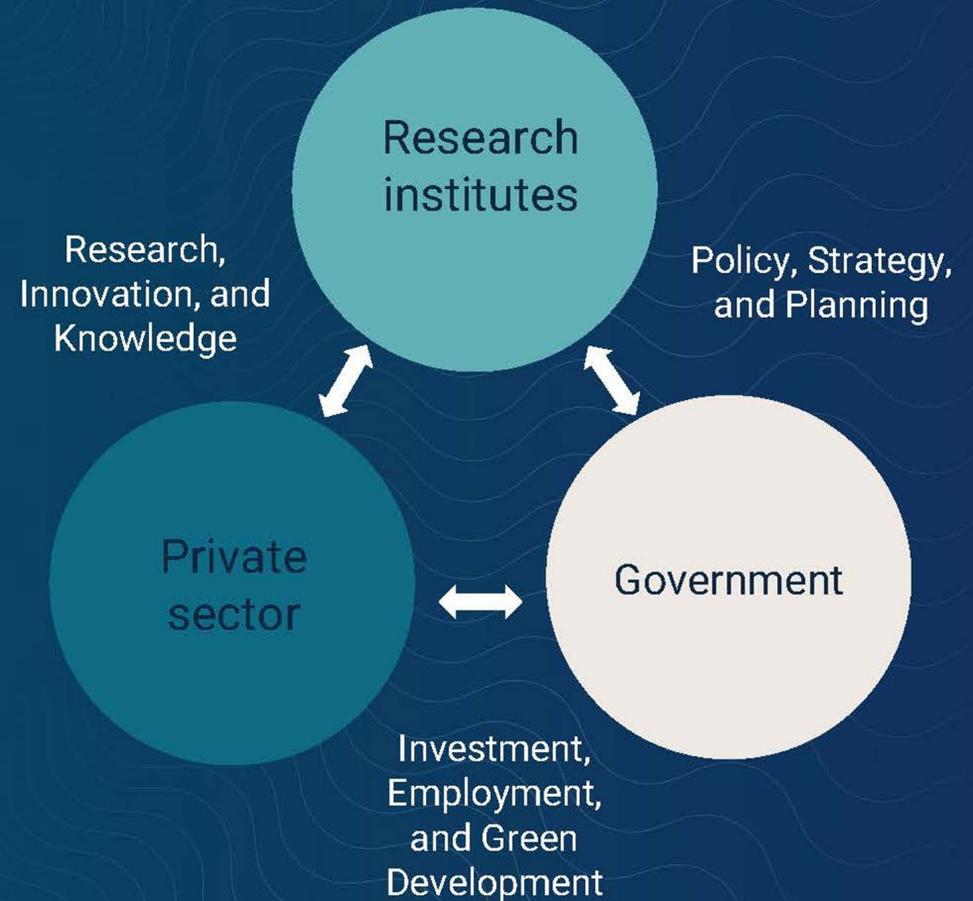
- ✔ Establish a Stable Policy and Legal Environment
- ✔ Support the Private Sector through Transparency, Tax Incentives, and Benefits
- ✔ Strengthen the Measurement, Reporting, and Verification (MRV) System

Role of the Private Sector

- ✔ Implement Innovative and Responsible Investments
- ✔ Develop Green Bonds, Loans, and New Financial Products
- ✔ Participate as an active Carbon Market engagement

Research and Science

- ✔ Propose Science-Based and Innovation-Driven Solutions
- ✔ Develop Digital Monitoring and Data Analysis



Decarbonization Methods

	Direct decarbonization	Indirect decarbonization
Country level	<p><u>Regulations</u>: Coal phase-out mandates</p> <p><u>Public infrastructure</u>: Renewable energy generation, Public transport, EV charging stations</p> <p><u>SOEs</u>: Low-carbon procurement</p> <p><u>Land use</u>: Reforestation, Climate-smart agriculture</p>	<p><u>Planning & governance</u>: NDCs and LT-LEDS, Sectoral decarbonization roadmaps, national GHG inventories</p> <p><u>Economic & market instruments</u>: Carbon Market (Article 6 participation), Carbon tax, Emissions Trading System (ETS),</p> <p><u>Financial system tools</u>: Blended finance platforms (MDBs, GCF) Credit guarantees, concessional lending</p>
Company level	<p><u>Operational changes (Scope 1 & 2)</u>: Energy efficiency upgrades, On-site renewables, Electrification of fleets & heat, Fuel switching</p> <p><u>Process & product changes</u>: Low-carbon materials, Process redesign (e.g. green steel)</p> <p><u>Investment decisions</u>: Early retirement of high-carbon assets, Capex shift to low-carbon technologies</p>	<p><u>Value Chain engagement (Scope 3)</u>: Supplier engagement & requirements, Low Carbon procurement</p> <p><u>Offsets & removals</u>: Carbon credits, Carbon Market (Article 6 participation), ETS</p> <p><u>Market & financial tools</u>: Internal carbon pricing, Green bonds / sustainability-linked loans, Long-term PPAs for clean power</p>

Article 6: Participation Requirements

Paris Agreement Article 6 Participation Requirements	01 Has to be a Party of the Paris Agreement.	02 Has prepared, communicated and is maintaining an NDC.	03 Has arrangements in place for authorizing the use of ITMOs towards achievements of NDCs.	04 Has arrangements in place for tracking ITMOs.	05 Has provided the most recent national inventory report required.	06 Can benefit by contributing to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.
Mongolia's Current State	Part of Paris agreement since 2016	NDC 3.0 is submitted to UNFCCC in Sep 2025	No arrangement in place	No tracking system	Biennial transparency report submitted on 30 Dec 2025	No strategy

Article 6.2 as an NDC Accelerator

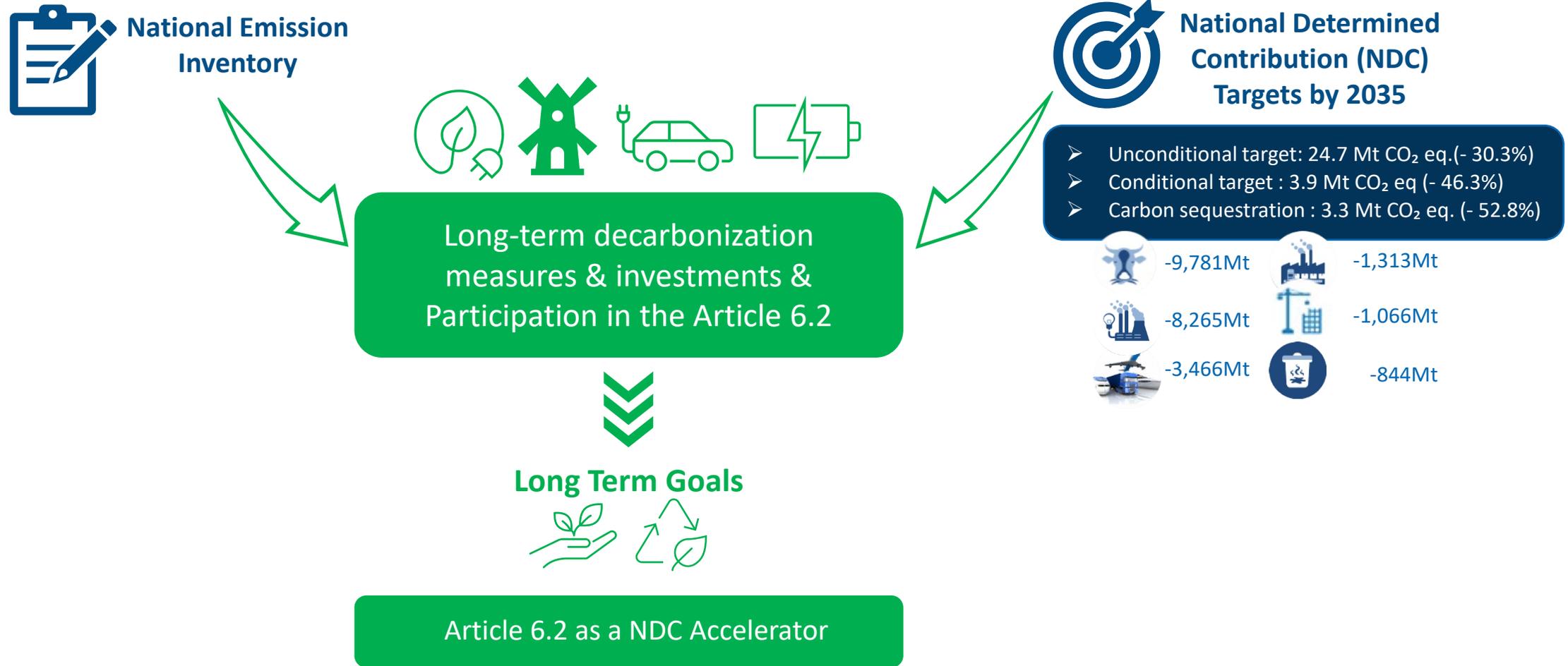
The Strategic Function:

- **Monetizing "Conditional" Targets:** Mongolia will use Article 6.2 to fund the ambitious parts of its NDC that depend on external finance.
- **ITMOs (Internationally Transferred Mitigation Outcomes):** Credits generated from domestic projects are sold to partner nations such as Japan to unlock immediate capital for green infrastructure.
- **ITMO** monetization creates sovereign revenue streams and reduces fiscal burden of mitigation

Key Drivers for Ambition:

- **Viability Gap Funding:** High-cost sectors become financially viable through carbon revenue.
- **Technology Transfer:** Bilateral deals often include "technology tied" investments (e.g., Japan's JCM providing high-efficiency cooling in exchange for credits).

Leveraging Article 6.2 to Bridge the NDC Gap



Article 6.2 Ensures Progress Through Robust Accounting

The "Corresponding Adjustment":

- Prevents **Double Counting**: If a country sells 1 million tons of \$CO2\$ reductions, it must *add* those tons back to its national inventory, ensuring only one country claims the reduction.

Managing "Overselling Risk":

- **Negative List**: Mongolia will reserve "low-hanging fruit" (cheap reductions) for its own NDC goals.
- **Positive List**: Only "high-hanging fruit" (expensive, additional projects) will be authorized for Article 6.2 deals.

The Ratchet Effect:

- Revenue from current Article 6.2 deals is reinvested into national climate funds, allowing the country to set even bolder targets in the next 5-year NDC cycle.

Strategic Technology Transfer and NDC Alignment

Mongolia was the first country to sign a JCM bilateral agreement with Japan (2013).

- **Strategic Goal:** Helping Mongolia transition from its heavy reliance on coal-fired combined heat and power (CHP) plants to renewable energy.
- **Flagship Project:** 12.7 MW Solar Power in Ulaanbaatar (Jun 2018 - Dec 2020)
 - **The Tech:** Installation of high-efficiency solar PV in the Songinokhairkhan district.
 - **The Result:** Generates roughly 12,000 to 15,000 tons of CO2 reductions annually.
 - **Credit Sharing:** Credits are split between Mongolia and Japan. Japan uses its share for its own NDC, while Mongolia's share directly counts toward its "Conditional" NDC target (the target that requires international help).
- **Expected Contribution to Ambition:**
 - **Direct Impact:** Supports Mongolia's goal to increase renewable energy to **30%** of total capacity by 2030.
 - **Sustainable Development:** Reduces the extreme air pollution in Ulaanbaatar by displacing coal-fired electricity.

Landscape & Gap Analysis

CATEGORY	COMPONENTS	CURRENT STATE / KEY CHALLENGES	WHAT NEEDS FOR A HIGH-INTEGRITY MARKET
Regulatory Framework	<ul style="list-style-type: none"> Climate Change Law Long term policy direction (LT-LEDS) 	<ul style="list-style-type: none"> No clear strategy for domestic decarbonization and carbon market participation; No regulation on authorization or ownership 	<ul style="list-style-type: none"> Clear institutional mandates for authorization and oversight Clear strategy for international carbon market participation Explicit legal basis for carbon credit, ownership, carbon markets
	<ul style="list-style-type: none"> National GHG & MRV System NDC tracking 	<ul style="list-style-type: none"> Limited sectoral MRV; Fragmented data across ministries and agencies. No national NDC tracking 	<ul style="list-style-type: none"> Secure data governance and access protocols National GHG accounting, MRV, NDC tracking,
	National Carbon Registry	<ul style="list-style-type: none"> No registry; No cross check with national system 	<ul style="list-style-type: none"> National carbon registry compliant with Article 6 guidance and interoperability with international registries
Carbon Market	Institutional Arrangements	<ul style="list-style-type: none"> No institutional arrangements and mandates 	<ul style="list-style-type: none"> Designated national authority for Article 6 Clear roles across ministries
	Authorization & Approval Process	<ul style="list-style-type: none"> No standardized procedures for authorization and corresponding adjustment 	<ul style="list-style-type: none"> Transparent authorization criteria and timelines Clear rules for corresponding adjustment application
	Market Engagement & Capacity	<ul style="list-style-type: none"> Limited capacity in public and private sector; Little awareness of integrity risks 	<ul style="list-style-type: none"> Capacity building for regulators, project developers, and financiers Market guidance on high-quality credits (additionality, permanence, MRV)