FORUM ON PROMOTING ARTICLE 6 BUSINESS ENGAGEMENT AND MATCHMAKING

UNDER THE JOINT CREDITING MECHANISM (JCM)

27 February 2026, Ulaanbaatar Hotel, Mongolia

REPORT

BACKGROUND AND PURPOSE OF THE FORUM

The Forum on Promoting Article 6 Business Engagement and Matchmaking was convened at a pivotal moment in the development of international carbon markets and the bilateral climate cooperation between Mongolia and Japan. The event took place in Ulaanbaatar on 27 February 2026, attracting over 200 participants, including government officials, private sector representatives, financial institutions, development partners, and technical experts. The primary objective of the Forum was to discuss the transition of the Joint Crediting Mechanism (JCM) into a fully operational Article 6.2 mechanism, clarify expectations regarding ITMO (Internationally Transferred Mitigation Outcomes) authorization, and enhance private sector engagement in developing new mitigation projects. The Forum also provided a platform to signal strong government commitment, assess institutional readiness, and identify policy and procedural gaps that may affect Mongolia’s participation in the emerging global carbon market framework.

I. OPENING REMARKS

Mr. Bat-Ulzii, Director of the Policy Planning Department of the Ministry of Environment and Climate Change (MECC), Co-Chair, Mongolia-Japan Joint Committee of the Joint Crediting Mechanism

In his opening remarks, Mr. Bat-Ulzii, Director of the Policy Planning Department of the Ministry of Environment and Climate Change (MECC) of Mongolia, highlighted the long-standing cooperation between Mongolia and Japan under the Joint Crediting Mechanism (JCM). He noted that since the mechanism's establishment in 2013, Mongolia and Japan have mobilized approximately USD 160 million in investments, including USD 50 million in financial support from the Government of Japan. A total of five model projects and one demonstration project have been implemented, resulting in verified emission reductions of around 130,000 tons of CO_2 equivalent.

Mr. Bat-Ulzii emphasized that the JCM's significance goes beyond emission reduction figures. He described the mechanism as an effective platform for technology transfer, capacity building, and private sector engagement, noting that Mongolia has benefited from advanced Japanese low-carbon technologies across renewable energy, energy efficiency, and fuel transition sectors. Looking ahead, he stressed the importance of establishing institutional frameworks for post-2021 ITMOs under Article 6. He highlighted the need for international compliance and transparent, non-double-counted credits, noting this forum's strategic importance in initiating a new phase of the Paris Agreement. By overcoming these challenges, Mongolia is moving toward realizing the first tangible results of its climate implementation.

In closing, he reaffirmed the MECC's commitment to supporting long-term, private-sector-led collaboration. He characterized the forum as a strategic milestone to elevate business cooperation and launch concrete investment agreements that will drive Mongolia's energy sector reform and global climate goals.

Mr. Kazumasa Kondo, Deputy Chief of Mission, Embassy of Japan in Mongolia and Co-Chair, Japan–Mongolia Joint Committee of the Joint Crediting Mechanism

Mr. Kazumasa Kondo, Deputy Chief of Mission, Embassy of Japan in Mongolia and Co-Chair, Japan–Mongolia Joint Committee of the Joint Crediting Mechanism (JCM) delivered the opening remarks and expressed his sincere appreciation to all distinguished participants attending the Forum on Advancing the Implementation of Article 6 of the Paris Agreement through Promoting Business Engagement in Mongolia and Facilitating Matchmaking among JCM Project Stakeholders, both in person and online. He highlighted that since 2022, Japan and Mongolia have elevated their bilateral relations to a "Special Strategic Partnership for Peace and Prosperity," further strengthening people-centered cooperation across multiple sectors. He recalled the State Visit of Their Majesties the Emperor and Empress of Japan in July of the previous year, noting that the

visit symbolized the deep friendship between the two nations. He conveyed his heartfelt gratitude to the Government and people of Mongolia for their warm hospitality on that historic occasion.

Mr. Kondo emphasized that since Mongolia's democratic transition, Japan has consistently supported Mongolia as a trusted partner sharing common values. He underlined the strong cooperation in the environmental sector, referring to the Memorandum of Cooperation between the two countries' Ministries of Environment, first signed in 2011 and renewed four times. He also noted that the Japan–Mongolia Environmental Policy Dialogue, held regularly since 2007, will convene for the 17th time this year in Mongolia.

Regarding the Joint Crediting Mechanism (JCM), Mr. Kondo recalled that Mongolia became Japan's first partner country upon signing the bilateral document in 2013. Over the past 13 years, twelve projects including solar power plants, high-efficiency boilers, and energy efficient transmission systems have been successfully implemented. These projects are expected to reduce approximately 710,000 tons of CO_2 emissions by 2030. Beyond the JCM framework, he noted Japan's continued cooperation with Mongolia in climate and environmental fields. This includes improving the accuracy of greenhouse gas data through technologies such as the Greenhouse Gases Observing Satellite (GOSAT), supporting forest restoration efforts in the Gobi region, contributing to Mongolia's "Billion Trees" national movement, and promoting regional cooperation through participation in the Joint Research Working Group on Dust and Sandstorms among Japan, China, and the Republic of Korea.

Mr. Kondo stated that the forum was both timely and important, as it brings together government and private sector representatives from both countries to share information, exchange views, and develop innovative JCM projects that support Mongolia's decarbonization and broader environmental objectives. He expressed his hope that concrete projects would emerge from the discussions through strengthened public–private collaboration.

Looking ahead, he noted that COP17, to be held in Mongolia in August, presents an important opportunity to showcase Mongolia's leadership in environmental protection and climate action. He emphasized that the development of impactful JCM projects would demonstrate that the Japan–Mongolia JCM is delivering tangible results under the Paris Agreement and contributing meaningfully to addressing global challenges.

In closing, Mr. Kondo expressed his respect for the Government of Mongolia's dedicated preparations for COP17 and conveyed his sincere wishes for its success. He expressed hope that the forum would make a valuable contribution toward that goal.

Mr. Tatsuya Yanase, Director for Sustainable Infrastructure at the Ministry of the Environment of Japan

Mr. Tatsuya Yanase, Director for Sustainable Infrastructure at the Ministry of the Environment of Japan, highlighted Japan's continued commitment to climate cooperation and the strategic role of the Joint Crediting Mechanism (JCM). He emphasized that Japan and Mongolia share a long-standing partnership and a strong history of cooperation across many areas, including environment, energy, infrastructure, and human resource development. Built on decades of mutual trust and friendship, this partnership continues to grow stronger as the two countries work together toward sustainable development. Within this broad and enduring cooperation, the JCM has become one of the key platforms connecting Japan and Mongolia in advancing climate action. Through this mechanism, the two countries have promoted practical and impactful low-carbon solutions that contribute not only to national climate goals but also to global decarbonization efforts.

Mr. Yanase noted that the Government of Japan considers the JCM a vital instrument for accelerating emission reductions while strengthening collaboration between the public and private sectors. He also highlighted Mongolia's strong ambition toward climate neutrality and its significant potential in renewable energy and energy efficiency, describing Mongolia as a highly promising partner. Japanese technology and expertise, he noted, can provide valuable support in these areas, and the discussions at the forum are expected to help identify concrete opportunities for further cooperation. He further emphasized that the Japanese companies participating in the forum bring advanced technologies, extensive experience, and a strong commitment to sustainability. He expressed confidence that these companies will become reliable partners for Mongolia, working closely with Mongolian counterparts to support the country's sustainable and low-carbon development.

Mr. Yanase expressed his hope that the event would serve as a starting point for new collaborations that bring tangible and lasting benefits to both countries. He noted that the forum provides an excellent platform to deepen understanding of JCM procedures, explore opportunities related to Article 6 implementation, and identify practical project opportunities. He encouraged participants to make full use of the business-matching sessions and to engage actively with one another, emphasizing that such exchanges are essential for turning promising ideas into concrete projects with real impact.

In closing, he expressed sincere appreciation to colleagues from the Government of Mongolia, partner organizations, and all participants for their continued interest and dedication. He also expressed his expectation that the discussions would lead to meaningful outcomes and further strengthen the Japan–Mongolia partnership for a sustainable and decarbonized future.

POLICY SESSION

1. *Presentation on Article 6 operationalization*

Mr. Keitaro Tsuji from the Ministry of the Environment, Japan, delivered a detailed presentation on the operational evolution of the JCM under Article 6 of the Paris Agreement. He explained that the JCM has undergone significant restructuring to ensure full compliance with Article 6.2 guidance adopted under the UNFCCC framework. Key improvements include:

- Strengthened procedures for environmental integrity, ensuring all emission reductions credited under the JCM are real, measurable, and verifiable.
- Measures to prevent double counting, guaranteeing that emission reductions are accurately attributed to the host and cooperating partner countries.
- Enhanced MRV (Monitoring, Reporting, and Verification) standards, providing a rigorous and transparent system to track project performance and emission reduction outcomes.
- Integration of corresponding adjustment requirements, ensuring transferred mitigation outcomes are fully accounted for in the national inventories of both Mongolia and Japan, in alignment with Article 6 rules.

Mr. Tsuji mentioned the establishment of a JCM Implementing Agency in April 2025, tasked with professionalizing administration and streamlining project approval and registration processes. He emphasized that these reforms improve efficiency, accountability, and operational transparency. He also noted that financial additionality screening procedures have been strengthened to verify that all JCM supported projects deliver genuine emission reductions beyond business-as-usual scenarios, ensuring meaningful climate impact.

Furthermore, he introduced key domestic policy developments in Japan, including the launch of the GX-ETS (Emission Trading Scheme) in 2026. He explained that JCM credits will be eligible for corporate compliance, creating substantial market demand and making JCM projects more bankable. He also shared Japan’s ambitious targets to contribute to cumulative global reductions of 100 million tons of CO2 by 2030 and 200 million tons by 2040.

Regarding the Mongolia-Japan partnership, Mr. Tsuji expressed expectations for the swift establishment of Mongolia's domestic approval framework under the new Climate Change Law. He specifically emphasized the importance of ensuring that existing projects can proceed with credit transfers without interruption during this legislative transition.

In conclusion, he underscored that with the JCM now "Article 6 ready," the partnership is poised to accelerate from individual projects to a robust pipeline, delivering high-quality mitigation and tangible local benefits. He reaffirmed that this matured, bankable mechanism will be a key driver for both Mongolia and Japan to realize their NDCs through continued, strategic cooperation.

2. *Mongolia's Article 6 Readiness Status – Legal and Institutional Status*

Ms. Narangaravuu, representing **the Ministry of Environment and Climate Change of Mongolia**, provided a detailed update on the country's current progress toward operational readiness under Article 6. She explained that while significant progress has been made, particularly in drafting the Climate Change Law, several key institutional elements are still under development:

- Formal designation of the Designated National Authority (DNA) responsible for overseeing Article 6 implementation.
- Development of procedures for ITMO authorization, ensuring internationally transferred mitigation outcomes are managed in accordance with national and international requirements.
- Establishment of a national registry capable of accurately tracking emission reductions and corresponding adjustments.

Ms. Narangaravuu noted that the national registry is projected to become operational in 2027. In the interim, transitional solutions may be needed to allow Mongolia to participate in international mitigation transfers while ensuring proper accounting. She emphasized the importance of carefully managing ITMO transfers to safeguard Mongolia's ability to achieve its NDC targets. Her remarks reflected a realistic and cautious approach, demonstrating strong commitment to advancing Article 6 readiness while acknowledging the existing institutional gaps that need to be addressed before full operationalization.

Energy Sector and Mitigation Potential

Mr. Ariunbold, representing **the Ministry of Energy of Mongolia**, provided an overview of the country's energy sector and potential pipeline opportunities for JCM projects. He noted that Mongolia's power gener ation remains heavily coal-dependent, with coal accounting for more than 70 percent of electricity supply. Ulaanbaatar faces a heating capacity deficit of approximately 1,189 MW, placing significant strain on combined heat and power plants and increasing vulnerability during winter. He outlined several areas where JCM cooperation could support climate action and energy sector modernization:

- District heating modernization to improve efficiency and reduce emissions
- Installation of heat metering and demand-side management systems to optimize consumption
- Expansion of renewable energy generation coupled with battery storage
- Industrial energy efficiency improvements across key sectors
- Waste-to-energy projects to utilize alternative energy sources and reduce GHG emissions

He also acknowledged structural and operational barriers, including:

- Grid constraints restricting integration of new renewable generation
- Limited domestic financing for high-capital infrastructure projects
- Regulatory uncertainty, including unclear timelines for ITMO authorization
- Institutional and procedural challenges in coordinating JCM project approval and registration

His presentation emphasized that while Mongolia has substantial opportunities for low-carbon investments, addressing these barriers is critical to fully realize the potential of JCM supported projects and ensure alignment with the country's NDC commitments.

II. INTERNATIONAL CARBON MARKETS OVERVIEW

Mr. Natsuru Toda, representing **the Article 6 Implementation Partnership (IGES)**, provided an in-depth presentation on the current landscape of international carbon markets, emphasizing opportunities for Mongolia's participation under Article 6. He explained the main types of carbon markets:

- Voluntary Carbon Markets (VCM): Estimated annual demand ~190 million tons CO_2e, reflecting corporate net-zero commitments.
- Compliance Carbon Markets: National ETS covering ~60 million tons
- CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), covering 150–200 million tons

Mr. Toda outlined the Article 6 implementation pathway:

- Mitigation Activity: Design and implement concrete emission reduction initiatives.
- Certification: Projects undergo verification under recognized mechanisms (e.g., JCM, VCM standards).
- Authorization: Host country approves transfer of mitigation outcomes to avoid double counting and ensure national climate objectives are met.
- ITMO Issuance: Authorized ITMOs are accounted for in both host and cooperating country GHG inventories under Article 6.2 rules.

He highlighted that 89% of countries now reference Article 6 in their latest NDCs, demonstrating strong international recognition. Mongolia, as an early submitter of its initial Article 6 report, was recognized for its proactive approach. Early engagement positions Mongolia to leverage JCM and other Article 6 mechanisms effectively, attract foreign investment, and enhance credibility. He noted that rigorous accounting, transparent governance, and alignment with national climate objectives are critical to ensuring market credibility, investment certainty, and long-term sustainability.

III. PRIVATE SECTOR ENGAGEMENT

1. *Company Presentations: JCM-Relevant Project Concepts from Japan and Mongolia*

The company presentations showcased concrete project examples and innovative technologies from both Japanese and Mongolian companies. Projects highlighted included renewable energy, district heating, waste management, and agricultural energy solutions.

1. Asian Development Bank (ADB) / Ministry of Energy, Mongolia – Introduction of JFJCM and Case Studies in Mongolia

- The Asian Development Bank (ADB) provided the overview of the "Japan Fund for the Joint Crediting Mechanism (JFJCM)," a program through which the ADB provides financial support for JCM projects involving the introduction of advanced low-carbon technologies, and noted that two projects are currently underway in Mongolia.
- Subsequently, the Ministry of Energy of Mongolia introduced one of these projects: a 5MW solar power and 3.6MWh battery storage installation in Uliastai, emphasizing its stable operation even under Mongolia's harsh weather conditions.

2. Naanovo Green Energy Mongolia LLC – Urban Environmental Improvement through Waste-to-Energy

- A plan to develop a waste-to-energy facility was introduced as a means to improve the current environmental pollution caused by large-scale and improper landfilling of waste in Ulaanbaatar. A waste composition survey conducted in cooperation with EX Research Institute confirmed power generation potential, and expectations were expressed for two types of greenhouse gas reduction efforts: the transition from coal to renewable energy and the reduction of methane emissions from landfill sites.

3. EX Research Institute Ltd. – Hybrid Waste Management System based on Composition Survey Results

- The waste composition survey in Ulaanbaatar, conducted with Naanovo, confirmed a waste composition capable of power generation. However, it was also revealed that the high proportion of coal ash in the Ger areas during winter is unsuitable for incineration, highlighting regional and seasonal variations as a critical challenge.
- Consequently, a "hybrid treatment system" was proposed, directing combustible waste to waste-to-energy facilities while routing ash-mixed waste to sanitary landfills or recycling. The importance of continuous data acquisition for measuring greenhouse gas reductions and policy support to ensure the proper operation of waste-to-energy facilities was also stated.

4. Mitsubishi Corporation – Sustainable Grazing Management utilizing Satellite Data

- To address grassland degradation in Mongolia, a proposal for a rotational grazing project utilizing the JCM was introduced. This project aims to restore

grasslands and increase soil carbon sequestration by systematically managing grazing periods and areas. A methodology was presented to efficiently monitor and report changes in carbon storage by combining satellite remote sensing with on-site soil sampling.
The initiative was introduced as an effort to achieve both ecosystem conservation and improved sustainability for local communities based on livestock grazing through the restoration of grasslands.

5. Everyday Farm LLC – Solar Farm integrating Greenhouse Cultivation and Solar Power

- A case study of a "Solar Farm" project implemented in Ulaanbaatar utilizing the JCM, which combines 12.7MW solar power equipment with greenhouses, was introduced. This project is a model that simultaneously performs power generation and agricultural production, characterized by balancing energy and food supplies.
  In addition to an annual CO_2 reduction of approximately 21,000 tons, the project contributes to reducing coal consumption and conserving water resources.
  Financially, a co-financing scheme involving the Japan Bank for International Cooperation (JBIC) and Towa Bank was utilized, demonstrating a financial model where government-affiliated and regional financial institutions collaborate.
- Furthermore, for the future development of the JCM in Mongolia, it was stated that simplifying the approval process for small- and medium-sized projects is essential.

6. Ulaanbaatar District Heating Company – Winter Peak Load Measures through Distributed Heat Sources

- To address the heat supply shortage in Ulaanbaatar, where demand exceeds supply capacity by more than 40%, a proposal to construct a distributed heat source network operating exclusively during winter peak periods was presented. By supplementing the existing centralized heating system during extreme cold periods when temperatures drop below -11°C, the plan aims to stabilize supply.
  It was also stated that expanding heat supply capacity would promote a transition from coal-fired heating in households to centralized heating in apartments and other buildings, contributing to improved air quality by reducing the number of chimneys in the city.

7. Zeneral Heatpump Industry Co., Ltd. – Ground-Source and Solar Hybrid Heat Pumps for Extreme Cold Regions

- The results of a demonstration project at Mongolia’s School No. 121 were presented regarding a heat pump system utilizing ground-source and solar heat, which has an established track record in Hokkaido, Japan. High environmental performance was demonstrated by replacing traditional coal boilers, resulting in an approximately 89% reduction in SO_2 emissions and an approximately 84%

reduction in CO_2 emissions. The system adopts a mechanism that stores solar heat underground during summer for use in winter, enabling a stable heating supply even during extreme cold periods.
A framework for remote monitoring and operational support from Japan via the internet was also introduced.

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2. *Key Takeaways from Company Introductions*

Presentations highlighted Mongolia's potential for JCM aligned projects, especially in renewable energy, district heating, waste-to-energy, and agricultural energy solutions. Several projects offered triple benefits: emission reductions, improved air quality, and optimized land resource use. Private sector engagement was central, with Japanese and Mongolian companies providing technological solutions and investment capacity. Projects should align with Article 6 requirements, ensure transparent accounting, implement corresponding adjustments, and integrate with Mongolia's NDC commitments.

The Article 6 Implementation Partnership (A6IP) summarized promising project concepts and identified potential matches between Japanese technologies and Mongolian implementation opportunities, paving the way for further collaboration and JCM project development.

IV. BUSINESS MATCHMAKING SESSION

Business matching was organized across sector-specific tables, including private companies, government representatives, and international organizations. Discussions revealed strong alignment between Japanese technologies and Mongolian project needs. Key opportunities emerged in renewable energy, district heating, industrial efficiency, waste management, solar deployment, low-carbon housing, and distributed heating systems. In some tables, attendance also addressed project financing and regulatory support. Although partial attendance left a few matching slots unfilled, the session successfully identified potential collaborations and practical project ideas.

Further actions:

- Align prospective projects with Mongolia's NDC and Article 6 requirements.

- Strengthen Mongolia's institutional readiness, including clear authorization procedures and ITMO guidance.
- Organize follow-up meetings and technical workshops to advance specific proposals.

The session highlighted the importance of structured public and private engagement and the need for ongoing capacity building to support investment readiness and sustainable project implementation.

V. CONCLUSION

The Forum demonstrated the critical need to move from exploratory discussions to concrete steps for implementing Article 6 of the Paris Agreement under the Mongolia–Japan JCM partnership. The event brought together Japanese and Mongolian companies, financial institutions, government agencies, and international partners, facilitating collaboration in renewable energy, district heating, rangeland and pasture management, industrial efficiency, and low-carbon technologies through B2B business matching.

The Forum was organized by key institutions, including the Ministry of the Environment, Japan (MOEJ); Ministry of Environment and Climate Change, Mongolia (MECC); Ministry of Energy, Mongolia (MOE); the Embassy of Japan in Mongolia; the JCM Implementation Agency (JCMA); Overseas Environmental Cooperation Center, Japan (OECC); and the Paris Agreement Article 6 Implementation Partnership (A6IP), IGES. Technical and cooperative support was provided by UNDP Mongolia, JICA, the Mongolian Chamber of Commerce and Industry Japan, and the Business Council of Mongolia.

Japan's GX ETS framework demonstrates compliance driven demand for JCM credits, signaling long-term investment potential. Mongolia remains in a transitional phase, strengthening domestic institutional capacity. Legal and administrative clarity such as defining Article 6 authorization procedures, setting carbon pricing guidance, and clarifying timelines for ITMO transfer readiness will enhance private sector confidence and unlock sustainable investment.

The Forum identified immediate opportunities for project implementation, with particular focus on the heating sector and renewable energy transition. The discussions emphasized the need for careful management of ITMO transfers to safeguard NDC targets and reduce reputational risks. Business matching demonstrated successful project level collaboration, with Japanese technologies well aligned with Mongolia's climate and sectoral needs.

Importantly, the event attracted significant media attention. Representatives from Mongolian National Broadcasting Television and five other national media outlets attended, conducting interviews with Mongolian and Japanese representatives and providing coverage of the Forum, highlighting its significance and the collaboration opportunities presented by the JCM partnership.

Looking ahead, successful scaling of the JCM partnership will depend on completing essential institutional arrangements:

- Finalizing the Climate Change Law;
- Establishing the Designated National Authority, developing authorization and registry systems, and clarifying corresponding adjustments;
- Continuous capacity building of human resources;
- Active private sector engagement, which will be critical to operationalizing projects and enhancing Mongolia's readiness to participate effectively in the global carbon market.

In conclusion, the Forum confirmed the alignment of strategic objectives between Japan and Mongolia, while emphasizing the need for institutional readiness, regulatory clarity, and targeted support for private sector participation. With these measures in place, Mongolia is well positioned to scale up the JCM framework, translating commitment into tangible, large-scale mitigation outcomes a nd sustainable investment opportunities.