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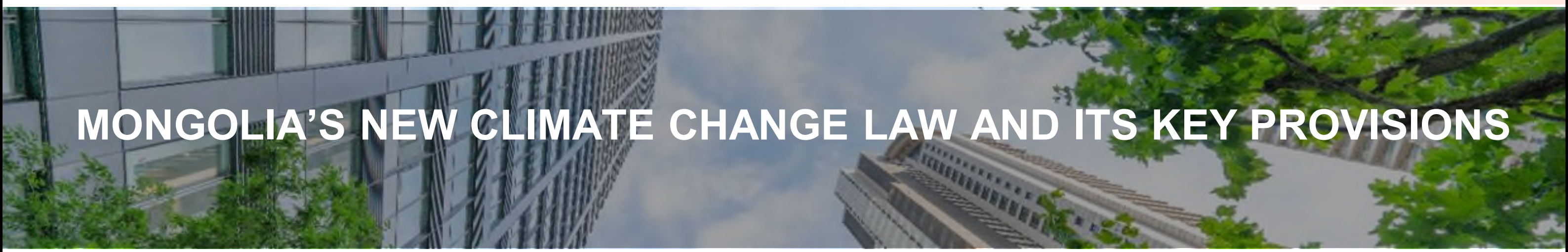

MONGOLIA’S NEW CLIMATE CHANGE LAW AND ITS KEY PROVISIONS

In Brief

On 2 July 2026, the Parliament of Mongolia adopted the Law of Mongolia on Climate Change, which entered into force on 3 August 2026. The law represents Mongolia’s first standalone piece of legislation establishing a comprehensive legal framework governing climate change policy and regulation. In doing so, it lays the foundation for the institutional and regulatory mechanisms necessary for Mongolia to fulfil its commitments under the Paris Agreement.

The law regulates, among other matters, the powers and responsibilities of public authorities, reporting obligations, research and development activities, climate change adaptation and mitigation measures, policies and planning aimed at reducing greenhouse gas emissions and enhancing carbon sequestration, the role of government institutions in implementing such policies, and the establishment and operation of the National Climate Change Platform. Furthermore, the law introduces new regulatory frameworks relevant to the private sector, investors, and project developers, including provisions governing green and climate finance, as well as carbon market mechanisms.

To facilitate the implementation of the law, the competent authorities are required to adopt, within six months of its entry into force, several implementing regulations governing detailed matters, including the registration of green and climate finance, carbon credit registries, greenhouse gas measurement, reporting and verification (MRV) procedures, and the operation of the National Climate Change Platform.

In this Legal Alert, we highlight and summarize the key provisions of the law that may be particularly relevant to businesses, organizations, project and program developers, investors, and other stakeholders.

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№	Key provisions

i. Green and Climate Finance

Green finance has previously been implemented in Mongolia under the Green Taxonomy adopted by the Financial Stability Council of Mongolia and the requirements applicable to financial institutions, without a dedicated legal framework.

However, with the enactment of the Law on Climate Change, a unified legal framework for green finance and climate finance has been established. In particular, the law introduces the new concept of **climate finance**, which is defined as a component of green finance.

The law also provides that government authorities shall register information on the sources, purposes, implementation, and outcomes of green and climate finance, and shall be responsible for monitoring and reporting such information.

Requirements for Projects, Programs, and Activities Financed through Green Finance

The law sets out specific requirements for projects, programmes, and activities to be financed through green finance. In particular, projects, programmes, and activities financed through green finance must comply with the requirements relating to the green taxonomy, measurement, reporting, and verification. In addition, their outcomes must be real, measurable, and verifiable.

ii. Carbon Market and Carbon Credit

The law introduces the new concepts of carbon markets and carbon credits. A carbon market refers to the market related to the generation, registration, transfer, sale, trading, offsetting, and use of carbon credits and internationally transferred mitigation outcomes (ITMOs).

Types of Carbon Markets and Outcomes of Projects, Programmes, and Activities

Carbon markets are classified based on their level of regulation, scope, and use into the following categories: (i) multilateral, (ii) bilateral, (iii) national, (iv) compliance, and (v) voluntary carbon markets. The law further provides that the implementation of projects and programmes within these markets may generate the following outcomes.

Outcomes of Projects, Programmes, and Activities

Mitigation Outcomes	Carbon Credit	Internationally Transferred Mitigation Outcomes
Verified and measurable outcomes achieved through activities, projects, or programmes implemented for climate change mitigation, including the avoidance of greenhouse gas emissions that would otherwise have occurred or the enhancement of greenhouse gas removals, expressed in carbon dioxide equivalent (CO_2e) or in a non-greenhouse gas metric.	A carbon unit is a quantified unit representing a mitigation outcome, expressed as one tonne of carbon dioxide equivalent (tCO_2e). Upon registration of a carbon unit, a carbon credit is created. Once verified and registered, a carbon credit may be possessed, used, transferred, sold, traded, or otherwise disposed of by its holder.	Mitigation outcomes generated from projects, programmes, and activities implemented in Mongolia may, subject to meeting certain requirements, be transferred for use towards the achievement of another country's climate targets. Mongolia currently has bilateral cooperation agreements with Japan, the Republic of Korea, Switzerland, and Singapore. These agreements create opportunities to transfer and sell mitigation outcomes generated from projects and activities implemented in Mongolia to these partner countries, as well as to attract investment into eligible projects and programmes.

Key provisions (continued)

Requirements for Carbon Market Projects and Obligations of Project Developers

In implementing carbon market projects and programmes, project developers must comply with the requirements prescribed by law, including, for example, presenting the project or programme to local communities and obtaining their opinion. In addition, project developers are subject to certain obligations under the law, including the following:

1. Register the project or programme in the carbon credit registry system and obtain the determinations required under the law.
2. Register verified carbon credits in the carbon credit registry system. Upon such registration, the right to hold, use, transfer, sell, trade, and otherwise dispose of the carbon credits arises.
3. Ensure that the measurement, reporting, and verification (MRV) of greenhouse gas emissions for projects and programmes generating mitigation outcomes are conducted annually by an accredited and independent entity in accordance with approved methodologies and applicable international and national standards and submit the results to the National Regulatory Authority.
4. Submit the measurement, reporting, and verification reports relating to carbon credits generated from projects and programmes implemented under the voluntary carbon market to the National

Possession Right of Carbon Credits and Profit Sharing

Under the law, carbon credits generated from projects implemented through sources other than the state or local government budget may not necessarily be possessed by the project developer. In other words, the possession of carbon credits arising from projects financed by non-state and non-local budget sources may be determined contractually between the relevant parties. With respect to internationally transferred mitigation outcomes (ITMOs), the allocation and utilization of such mitigation outcomes among project participants are to be governed by applicable bilateral international agreements and the project implementation agreement.

iii. Implications for the Construction, Agriculture, and Transportation Sectors

The adoption of the Law on Climate Change has also introduced amendments to several sector-specific laws, including:

In construction sector

The relevant government authority shall determine the amount of greenhouse gas emissions that may be emitted from buildings, facilities, and activities.

In agriculture, road and transportation sector

The state shall support the introduction of low greenhouse gas emission and climate-resilient technologies, innovations, and production methods in the agriculture, road, and transport sectors.

Changes in agricultural land purpose

The designated use of land that has become unsuitable for agricultural cultivation due to the impacts of climate change may be changed based on the findings of the relevant assessment.

Contact us

If you wish to receive legal advice regarding the Law on Climate Change, and its implementation or other related legal matters, please feel free to contact us. You may access the full text of the adopted law on here.