



Mongolia: Sermsang Khushig Khundii Solar Project

Project Name	Sermsang Khushig Khundii Solar Project		
Project Number	52127-001		
Borrower/Company	Tenuun Gerel Construction LLC		
Country	Mongolia		
Location	Ulaanbaatar		
Approval Number			
Type of ADB Assistance / Amount	Ordinary capital resources	USD 9.60 million	Proposed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Partnerships Private sector development		
Sector / Subsector	Energy - Renewable energy generation - solar		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Infrastructure Finance Division 2		
Responsible ADB Officer	Chan, Christine P.		
Project Sponsor(s)	Sermsang Power Corporation Public Company Limited		
Description	The project involves the construction, operation and maintenance of a 15-megawatt (MW) solar power plant in Khoshigt valley, Tuv aimag, which is located 40 kilometers (km) from Mongolia's capital, Ulaanbaatar, and 17 km from the new international airport. It will also entail the construction of a 110/10kV substation, a 14-km long 110kV double circuit overhead electricity transmission line, as well as the extension of the 110/10kV Khoshigt substation owned by the National Power Transmission Grid SOJSC.		
Objectives and Scope	ADB's assistance will support the development of a solar power project in Mongolia with the benefit of technical and operational expertise from Japan and Thailand. The project is expected to generate clean electricity totaling 22.3 gigawatt-hours annually and enable the country to reduce its carbon dioxide (CO2) emissions by 26,400 tons per year. The electricity is expected to be utilized by the new international airport and Ulaanbaatar city.		
Linkage to Country/Regional Strategy	The project is consistent with ADB's Strategy 2030 in supporting two of the seven key operational priorities identified, including (i) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (ii) fostering regional cooperation and integration and also contributes to ADB's private sector operations in the renewable energy sector The project is aligned with ADB's country partnership strategy for Mongolia, 2017-2020, which aims to address climate change impacts and environmental degradation in the country and sustain inclusive growth in a period of economic difficulty, and two of the three strategic pillars of the strategy: (i) developing infrastructure for economic diversification and (ii) strengthening environmental sustainability. The project is aligned with ADB Energy Policy, which states that (i) support for renewable energy projects will be prioritized and broadened; (ii) effective regional cooperation in the energy sector will be promoted; and (iii) private sector participation will be encouraged.		
Safeguard Categories			
Environment			B
Involuntary Resettlement			C
Indigenous Peoples			C
Summary of Environmental and Social Aspects			

Environmental Aspects	In compliance with ADB's Safeguard Policy Statement (2009), the project is classified as Category B for environment. An initial environmental and social examination (IESE) was conducted for the power plant and transmission line, including an audit of existing construction activities. The IESE found that potential impacts during construction and operation are considered temporary site-specific, and can be prevented and mitigated. An environmental and social management plan (ESMP) was prepared by external experts, which includes corrective actions for the ongoing construction activities, mitigation measures, and monitoring and reporting requirements for the remaining construction activities and operation phase of the project. A grievance redress mechanism, which will be implemented by TGC throughout the construction and operation phases, is included in the ESMP. Public consultation was conducted, which confirmed that the current construction and future operation of the project will not have significant environmental or public health impacts.
Involuntary Resettlement	In compliance with ADB's Safeguard Policy Statement (2009), the project is proposed classified as Category C for involuntary resettlement. A land possession agreement was executed between Tenuun Gerel Construction LLC (TGC) and Sergelen soum over the 40 hectares of public pasture land where the Project is situated. No private land or assets will be acquired and the IESE confirmed that no physical or economic displacement will result from the land possession awarded to TGC.
Indigenous Peoples	In compliance with ADB's Safeguard Policy Statement (2009), the project is proposed classified as Category C for Indigenous Peoples. The project components are sited on land not identified as traditional land or land over which customary rights exist. The IESE confirmed that no indigenous community is present in the project area.
Stakeholder Communication, Participation, and Consultation	In accordance with ADB's Safeguard Policy Statement (2009), stakeholder consultations were conducted with a two-prong approach consisting of: (i) individual consultations with herder families at their homesteads on the steppe near the project site; and (ii) formal consultation meeting at the Sergelen soum center with residents, business owners, and municipal workers.

Timetable for assistance design, processing and implementation

Concept Clearance	16 May 2018
Due Diligence	
Credit Committee Meeting	-
Approval	10 Dec 2018
Last PDS Update	13 Dec 2018
Project Page	https://www.adb.org/projects/52127-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=52127-001
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