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World Bank Backs Mongolia's Green Energy Transition with $78M for Power Grid Overhaul

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The World Bank has approved a major new project to strengthen Mongolia's electricity infrastructure, with the goal of bolstering service reliability and accelerating the nation's transition to a low-carbon energy future. The Fourth Energy Sector Project, backed by $78 million from the World Bank's International Bank for Reconstruction and Development, will focus on increasing the capacity and security of the Central Energy System's transmission grid.

The investment is part of the World Bank's **Accelerating Sustainable Energy Transition Multi-Phase Programmatic Approach**, which aims to rapidly scale up and integrate renewable energy across the East Asia and the Pacific region.

Key Infrastructure Upgrades

The project is closely aligned with Mongolia's **New Recovery Policy and Government Action Plan for 2024-2028**. The core investments target critical upgrades to transmission and substation infrastructure:

- **Transmission Lines:** Construction of a **220 kV transmission line** connecting the existing Mandal Substation to the new Uvurkhangai Substation.
- **Substation Development:** Expansion and development of existing and new power substations in **Mandalgovi, Arvaikheer, and Bayankhongor**, along with associated 110kV connection lines.

These infrastructure upgrades are projected to enhance the overall stability and performance of the national grid.

World Bank Country Manager for Mongolia Taehyun Lee said: “The World Bank is pleased to continue supporting the Government of Mongolia in its efforts to strengthen the reliability and sustainability of the country’s electricity system. This project will help advance Mongolia’s low-carbon development goals while supporting inclusive economic growth and job creation.”

Economic and Environmental Impact

The investment is expected to deliver significant benefits, particularly for communities in the Central and Western regions:

- **Reliability:** About **200,000 people** will gain access to more reliable electricity services, with projected electricity outages reduced by about **50%** in the project areas.
- **Renewable Integration:** The increased transmission capacity—over **590MW**—will enable the development and integration of about **150MW of wind and solar PV** into the electricity system.
- **Climate Resilience:** To protect against environmental damage, **climate proofing measures** will be implemented in the construction of transmission lines and power substations.

By strengthening the grid and promoting the integration of renewables, the project is seen as a crucial step in supporting Mongolia’s transition to a more resilient and sustainable energy future.