

Mongolia and MCC: Building a Dynamic Partnership

Millennium Challenge Corporation signed a five-year, \$285 million Compact with the Government of Mongolia aimed at reducing poverty and promoting sustainable economic growth through investments in five projects. These strategic investments will increase economic activity through the registration of property land titles; the improvement of vocational training to help Mongolians qualify for the more demanding and financially rewarding market-oriented jobs; ensuring that they become healthier and more productive as they enter the marketplace; increasing the adoption of energy efficient products and homes in the ger districts, and supporting the development of renewable energy; and, improving the road in the north south economic corridor.

Property Rights Project

This project focuses on improving the accuracy, accessibility and efficiency of Mongolia's land titling and registration system to enable Mongolians to capitalize their land assets, make longer-term investments in their homes and businesses, and expand opportunities for generating income.

- ★ Provide secure land rights and other incentives to promote efficient land use;
- ★ Introduce a long-term land leasing system in peri-urban areas; and
- ★ Provide key infrastructure and training to improve livestock management and productivity in peri-urban areas.

Vocational Education Project

This project aims to help Mongolian workers lacking training in modern industrial skills to qualify for more demanding and financially rewarding market-oriented jobs required in Mongolia's developing economy.

- ★ Strengthen the policy and operational framework of the country's vocational education system for providing technical skills to unemployed and marginally employed persons;
- ★ Define skills needed for occupations and apply them into the curricula for demand-driven vocational education;

- ★ Improve teacher training and professional development; and
- ★ Provide career guidance and web-based career information services.

Health Project

This project addresses the high and growing incidence of non-communicable diseases and injuries (NCDIs) to ensure that Mongolians become healthier and more productive in the marketplace.

- ★ Decrease the incidence and severity of the most prevalent forms of non-communicable diseases and injuries that have an impact on mortality (e.g., cancer, cardiovascular disease, diabetes and trauma) by promoting NCDI risk-factor reducing behavior;
- ★ Increase early detection of NCDIs; and
- ★ Provide effective disease management services.

North South Road Project

The importance of the road sector within the north-south economic corridor for Mongolia has been increasingly recognized. This project aims to improve the auto road condition in this corridor and consists *of three components*:

- ★ Construct the 176.4 km road section between Choir and the 35th railway crossing outside of Sainshand.
- ★ Rehabilitate the existing Bayanzurkh bridge, construct a new bridge near the existing Bayanzurkh bridge, and rehabilitate the road from Ulaanbaatar to Nalaikh.
- ★ Technical assistance activity including capacity building in the Government's Department of Roads.

Energy and Environment Project

The objective of the Energy and Environment Project is to reduce urban air pollution in Ulaanbaatar by increasing the adoption of energy efficient products and homes and supporting the development of renewable energy. Three second order objectives are:

- ★ savings from reduced fuel consumption;
- ★ savings from reduced health costs; and
- ★ savings from increased productivity.

Monitoring and Evaluation

Collects quantitative and qualitative data to monitor progress towards compact results and evaluate the impact of compact projects. This includes development of M&E Plans, data collection through surveys and from

administrative sources, quarterly reporting of progress against indicators and targets and process and impact evaluations.

Environment and Social Assessment

To ensure that environmental and social safeguards and mitigation measures are implemented for the Program by MCA-Mongolia, MCC Funding will be used to engage an environmental and social oversight consultant to enhance the capacity of MCA-Mongolia. This consultant will also work to enhance the capacity of the Ministry of Nature and Environment to enforce and implement the Government's environmental laws and regulations, to train staff, and identify whether additional staff are needed, to carry out effective environmental oversight and monitoring of the implementation of the Program.

Program Administration and Oversight

Costs include implementing unit's administrative expenses for procurement, fiscal agents, and audit functions.

Note:

On September 9, 2009, MCC's Board of Directors was updated on a proposal to reallocate \$50 million from the cancelled rail project to the expansion of the three ongoing projects under the Mongolia Compact: Health, Vocational Education, and the peri-urban component of the Property Rights Project. The Board's reception of this proposal was favorable, and the funds will be reallocated accordingly.

On December 9, 2009, the Millennium Challenge Corporation's (MCC) Board of Directors approved the allocation of approximately \$131 million for two new projects under the Mongolia Compact: the North-South Road and the Energy and Environment Projects. The projects had been proposed by the Government of Mongolia (GoM) to replace the cancelled Rail Project.