MILLENNIUM CHALLENGE CORPORATION

REDUCING POVERTY THROUGH GROWTH

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform the Congress of our intent to provide funding of up to US$284,911,363 for a Millennium Challenge Compact with Mongolia.

Allocation and obligation of funds may be incurred on or after fifteen days from the date of this notification. MCC intends to obligate pursuant to Section 605 of the Millennium Challenge Act of 2003 (the "Act") up to US$279,888,680 when the Compact enters into force. These funds will be disbursed on a periodic basis over the course of the Compact subject to satisfaction of relevant conditions precedent.

In order to accelerate implementation of the Compact, MCC has obligated US$4,189,350 of the total amount at the time of the signing of the Compact, and is expected to obligate an additional US$833,333 before the Compact enters into force, pursuant to the authority of Section 609(g) of the Act.

The attached notification is being sent to Congress on October 22, 2007.

Sincerely,

Matthew McLean
Vice President
Congressional and Public Affairs

Enclosure:
As stated

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MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION

October 22, 2007

PROGRAM:	Eligible Countries
APPROPRATIONS CATEGORY:	FY 2007 Program Funds
OBLIGATION AMOUNT:	US$284,911,363

In accordance with section 610(b)(1) of the Millennium Challenge Act of 2003 (the ***Act***, Pub. L. 108-199, Division D), this is to advise that the Millennium Challenge Corporation (***MCC***) has entered into a Millennium Challenge Compact (***Compact***) with the Government of Mongolia (***GoM***) pursuant to Section 609 of the Act, through which MCC will grant up to US$284,911,363 of FY 2007 Millennium Challenge Account funds. Of this amount, MCC plans to obligate pursuant to the authority of Section 605 of the Act up to US$279,888,680 at the time the Compact enters into force. The Compact will enter into force pursuant to Section 7.3 of the Compact upon the satisfaction of certain conditions set forth in Section 7.2 of the Compact. These funds will be disbursed on a periodic basis over the course of the Compact's term upon satisfaction or waiver of relevant conditions precedent.

In order to accelerate implementation of the Compact, MCC has obligated US$4,189,350 of the total amount at the time of the signing of the Compact, and is expected to obligate an additional US$833,333 before the Compact enters into force, pursuant to the authority of Section 609(g) of the Act.

The United States, acting through MCC, and the GoM executed the Compact on October 22, 2007.

A detailed summary of the compact follows along with a copy of the text of the Compact.

EXECUTIVE SUMMARY OF THE MONGOLIA COMPACT

I. Introduction

Mongolia is a landlocked country with a population of approximately 2.6 million, located between Russia and China. Nearly half of the population is concentrated in Ulaanbaatar, its capital, about 60% lives along the rail corridor between Russia and China, and the remainder is largely dispersed throughout the country. Mongolia's aging transport infrastructure and weak institutions are a significant constraint to economic growth and development, particularly given the pressures of the country's abrupt transition to a market economy, the collapse of financial support from Russia, and the rapid urbanization of what traditionally has been a highly dispersed rural herding society. The

Government of Mongolia (***GoM***) has proposed a $285 million, five-year MCA program (***Program***) comprising the Rail Project, the Property Rights Project, the Vocational Education Project, and the Health Project, as further described below (each, a ***Project***). The proposed Program is intended to release the potential of certain critical interlocking human, institutional, and physical resources that factor centrally in Mongolia's efforts to broaden and deepen economic development. The Program is expected to have a significant direct impact on individuals living in poverty, and significant indirect and ancillary benefits by creating new economic opportunities and increasing the capacity of individuals and groups to participate fully in and benefit from economic growth.

II. Program Overview and Budget

Description	Timeline						TOTAL ($US Mil)
	CIF ($US Mil)	CY1 ($US Mil)	CY2 ($US Mil)	CY3 ($US Mil)	CY4 ($US Mil)	CY5 ($US Mil)	
Rail Project	0	26.06	44.50	52.68	61.94	3.20	**188.38**
Property Rights Project	0.17	2.99	8.18	7.08	3.51	1.13	**23.06**
Vocational Education Project	0.23	2.09	8.29	8.40	5.41	1.10	**25.51**
Health Project	0.19	2.24	4.40	4.56	2.92	2.72	**17.03**
Program Administration & Audits	4.40	5.17	4.61	4.32	3.85	3.89	**26.23**
Monitoring & Evaluation	0.04	0.56	0.47	0.47	0.39	2.77	**4.70**
TOTAL	**5.02**	**39.12**	**70.44**	**77.50**	**78.01**	**14.82**	**284.91**

The Program's goal is to reduce poverty through economic growth. Specifically, by 2028, the Program is expected to benefit directly approximately 3.1 million Mongolians, roughly 95% of the country's projected population in that year. As a result of the Program, we expect per capita incomes for all Mongolians to be 3.5% higher five years after the start of the Program, and to increase by a total of 4.5% within 20 years after the start of the Program. These increases correspond to increments of $158 million to annual GDP after five years, and $404 million after 20 years.

- **Rail Project**. Mongolia's rail system is the transportation backbone of the economy, contributing more to GDP than in any other country.[1] The rail system moves 97% of the ton-kilometers of freight transport in Mongolia. The existing railway company (***MTZ***), in which the GoM and Government of the Russian Federation each own a 50% interest, operates Mongolia's railway system. This system, with its antiquated infrastructure, equipment and practices, cannot meet current demand for rail services and poses a serious economic bottleneck by limiting growth in domestic and foreign trade and associated investment, and contributing to inflation. The proposed Rail Project addresses this bottleneck through improvements in the efficiency and capacity of the rail system, thereby creating new jobs in industries and businesses related to or served by the rail

[1] With 4.93 traffic units (***TUs***) per $ of GDP, compared to the world average of 0.42 TUs/$ of GDP, Mongolia ranks first among world railways. (www.adb.org/documents/reports/consultant/best-practices-railways/study-report.pdf)

system. To ensure these improvements are sustainable, the Project promotes international-standard rail operations and management practices, transparency of rail finances, and commercialization of the rail system – all part of the foundation for greater private sector involvement and competition in rail transport.

The Rail Project includes (i) the acquisition of certain key rail assets (e.g., locomotives, wagons, signaling equipment and track maintenance equipment) needed to improve efficiency and capacity on the country's single track rail line, (ii) the establishment of a new, initially government-owned, contractor-operated leasing company (***LeaseCo***) to lease rail assets on commercial terms to MTZ and independent shippers, (iii) substantial operational training and financial management technical assistance to MTZ, and (iv) technical assistance to the Mongolia Railway Authority (***MRA***), the recently established regulator of the rail sector. The use of LeaseCo allows the Program to avoid the risks inherent in making equipment available directly to MTZ prior to its achieving commercialization and an acceptable level of transparency. Success will be measured by the increase in Mongolian traffic on the rail system, enhanced revenues for both shippers and the rail system, positive changes in the efficiency of MTZ's operations, and increased economic growth associated with rail traffic capacity and efficiency improvements.

- **Property Rights Project**. The inability of Mongolians to easily register and obtain clear title to their land poses a serious obstacle to the GoM's promotion, through policy and legal reforms, of private real property ownership. Implementation problems have limited access to credit for small landholders and small business people, discouraged investment, and slowed the deepening of local financial markets. The proposed Property Rights Project will help Mongolian citizens obtain secure, long-term rights to the suburban and peri-urban land they occupy, and promote investments in home improvement, business activities, and agricultural productivity. In a banking sector marked by high interest spreads, the Project will encourage financial institutions to reduce the risk premium on credit by providing their customers with a more secure source of collateral and encourage the emergence of new mortgage-related and other asset-dependent financial products.

This Project will improve the accuracy, accessibility and efficiency of the formal system for recognizing and transferring land rights and will facilitate issuance of up to 75,000 privatized and registered land titles to suburban landholders. The Project also will introduce a long-term leasing system on peri-urban rangeland and other incentives (e.g., technical assistance, wells, animal shelters and fences) that will enable leaseholders to significantly increase income from this land by improving range and livestock management. For the urban component, success will be measured by increases in the number of registered property owners, greater access to credit among project beneficiaries, and higher land values in project areas. For the peri-urban component, success will be measured by improved herd productivity, and a significant rise in leaseholder household incomes.

- **Vocational Education Project**. Mongolia's vocational education system has not evolved to serve the demands of a modern, private-sector led economy. The capacity of

this system to teach core technical skills and provide critical labor information is weak, training equipment is limited and outdated, and instructors ill-prepared to teach. Essential public-private partnerships to ensure that students receive high quality, demand-driven training are largely absent, and credentialing systems are substandard. As a result, Mongolia imports skilled labor from other markets, leaving high rates of unemployment among unskilled Mongolians, especially youth. The Vocational Education Project will address these problems by building on and significantly extending the work of other donors, especially the Asian Development Bank (***ADB***) and Gesellschaft für Technische Zusammenarbeit (***GTZ***), and by supporting the newly adopted Mongolian National Vocational Education Program.

Specifically, the Project will (i) strengthen the institutional framework needed to support a demand-driven vocational education system, (ii) define industry-led skills training standards for occupations and translate these standards into a modern vocational education curricula supported by new instructional materials and equipment, (iii) develop 30 new career preparation tracks, and (iv) improve teacher training and professional development. To complete the linkage between the public training and private sector employers, the Project also will develop a career guidance and labor market information system.

Success will be measured by (i) increased numbers of trainees passing rigorous skills evaluations, (ii) adoption of effective public-private partnerships demonstrated by increased private funding of vocational education institutions, (iii) significant increases in the rate of employment in the target population, and (iv) more rapid movement from training to employment.

- **Health Project**. Mongolia has rapidly increasing rates of non-communicable diseases and injuries (***NCDIs***), including cardiovascular disease (***CVD***), diabetes, cancers and injury-induced trauma. Mongolia's mortality and morbidity rates from CVD and cancers greatly exceed those of Western countries and now represent the major cause of death and disability, particularly in younger age groups (i.e., 35 to 55 years of age). Trauma response and emergency medicine are under-developed. At the same time, current NCDI programs in Mongolia are treatment based, with inadequate attention to cost-effective NCDI prevention, early detection, where relevant, and disease management. This has a negative impact on the productivity of the labor force, which is disproportionately affected by NCDIs, and is a significant drain on scarce public health investments. The Mongolian medical system is undertaking a slow and difficult transition from expensive specialist and tertiary services to a system with equal emphasis on public health, client information, and prevention efforts. To date, donor funded programs to reorient the medical system have largely focused on communicable diseases and child health. The evolving epidemiological profile calls for extension of these public health and medical practice changes to emphasize NCDI prevention and adult health maintenance. The Health Project focuses on extending the productive years and productivity of the labor force by reducing the incidence and severity of NCDIs such as cancer, CVD, diabetes and preventable accidents and trauma, and reducing and refocusing total health expenditure.

Specifically, the Health Project will support (i) research on NCDI related behaviors and practices in Mongolia, (ii) site visits to successful NCDI programs in other countries, (iii) communications and education interventions to promote risk behavior changes, (iv) new treatment and disease management protocols, (v) a limited amount of equipment and intensive in-service training for early detection of cervical and breast cancers, and (vi) training of physicians and general medical personnel in NCDI disease management. The Project funds NCDI outreach, screening, and disease management for a significant proportion of the Mongolian population (up to 60%, as estimated by population linked to the proposed intervention sites) over the five year term of the Compact, with extensive monitoring, evaluation and feedback to ensure successful interventions and the transmission of best practices to all participants.

Success will be measured by the Project's impact on (i) risk behavior knowledge and practices, (ii) medical services provider attitudes and practices, (iii) early detection of targeted cancers, (iv) the number of clients screened for hypertension and diabetes and management of these conditions, and (v) reduction in the incidence of targeted accidents and trauma. Ultimately, the economic impact of the Project will occur through reductions both in (i) the productivity costs to individual Mongolians and the Mongolian economy and (ii) health system expenditures for management and treatment of NCDIs.

III. Program Management

The GoM will establish MCA-Mongolia with a Board of Directors to oversee overall Program management and a Technical Secretariat to oversee implementation. Four project implementation units (each, a ***PIU***) embedded in related GoM agencies will provide day-to-day project management for all Projects, except the Rail Project, which will utilize the services of an external firm. MCA-Mongolia will hire an environmental and social oversight consultant to support the environmental and social aspects of Program implementation.

The GoM is in the process of selecting, through competitive processes, third party, non-government entities to provide procurement and fiscal agent services to MCA-Mongolia, which selection is expected to be made in October 2007.

IV. Assessment

A. Economic Analysis

The economic rate of return (***ERR***) for the overall Program over a 20-year time horizon is estimated to be **28.6%** in the base case. The table below summarizes the ERR and estimated numbers of beneficiaries for each project.

ERR Summary				
		Base Case ERR	Expected range of ERR	
Project	MCC Investment Cost	(hurdle = 15%)	Low	High
Rail Project	$188,380,000	30%	19%	41%
Property Rights Project: Registration	$16,250,000	38%	13%	64%
Property Rights Project: Peri-Urban	$6,810,000	27%	16%	33%
Vocational Education Project	$25,510,000	20%	8%	26%
Health Project	$17,030,000	21%	2%	37%
Estimated beneficiaries (Year 2028)				
Rail Project	2,395,000			
Property Rights Project: Registration	470,000			
Property Rights Project: Peri-Urban	4,000			
Vocational Education Project	822,000			
Health Project: Patients and their dependents	219,000			
Health Project: System beneficiaries	3,371,000			
Estimated Total Unique Beneficiaries (minus System Beneficiaries from Health Project)	**3,131,000**			

Estimated Number of Beneficiaries by Income Group (Year 2028)					
	USD per person per day (PPP)				
	<$1	$1 - $2	$2 - $4	> $4	Totals
Rail Project	345,000	682,000	787,000	581,000	2,395,000
Property Rights Project: Registration	70,000	137,000	153,000	110,000	470,000
Property Rights Project: Peri-Urban	500	800	1,000	1,800	4,100
Vocational Education Project	102,000	156,000	202,000	361,000	821,000
Health Project: Patients and their dependents	21,000	36,000	48,000	113,000	218,000
Health Project: System beneficiaries	640,000	809,000	775,000	1,146,000	3,370,000
Estimated Unique Beneficiaries by Income Group (minus System Beneficiaries from Health Project)	**431,000**	**810,000**	**954,000**	**934,000**	**3,129,000**

(Minor differences in total beneficiary numbers between above tables due to rounding.)

B. Consultative Process

To develop a proposal for MCC funding, the GoM conducted extensive consultations with the private sector and civil society involving broad public participation across the country. Members of the public, including women's and environmental groups, were asked to identify the primary constraints to economic growth in Mongolia, as well as potential uses of MCC funding to remove such constraints. Thereafter, Mongolia's MCA-National Council, formed by the GoM with broad stakeholder representation, incorporated the results of these consultations into a proposal for MCC funding. The proposed Program consists of Projects identified by Mongolians to address some of the primary constraints to economic growth in Mongolia and to reflect their expressed view that poverty reduction can follow only from a systematic effort to broaden the economic base and to increase the productive capacity of Mongolians, both individuals and enterprises, to participate effectively in opportunities for growth in the domestic and regional economies.

During implementation of the Program, MCA-Mongolia will continue public consultations with a range of stakeholders, including women and other vulnerable groups, to ensure participation during development and implementation of all the Projects.

C. GoM Commitment and Effectiveness

The GoM has demonstrated commitment to the Compact development process by (i) assembling a 23-member MCA-National Council, (ii) conducting extensive public consultations on various proposals over a two-year period throughout the country, (iii) forming a technical working group for each project composed of highly talented volunteers from the public and private sector, and (iv) hiring a number of highly competent experts to work with each technical working group to develop the Projects. Senior GoM officials, including the President, have expressed publicly strong support for the Compact and made themselves available to meet with MCC staff and advisers. President Enkhbayar has written to President Bush to express his personal commitment to and belief in the importance of the Program. The GoM is committed to assembling a capable team to staff MCA-Mongolia. The Prime Minister will be the Chairman of MCA-Mongolia's Board of Directors, and relevant line ministries will be represented on the Board at the minister level.

With respect to policy reform and related matters, the following describes Mongolia's proposed measures to ensure the effectiveness of MCC's proposed investments.

- **Rail Project**. The GoM is undertaking legal reforms to reorganize the rail sector, including separating infrastructure from railway operations and increasing the competitiveness of the railway in the regional rail transport market. In 2004, the GoM created MRA, an independent government entity, to oversee and regulate railway safety and implement railway policy relating to both safety and economic issues. Additionally, the GoM has committed to improving MTZ's operations, maintenance, financial management and capital asset development.

- **Property Rights Project**. The GoM already has adopted key legislation to enable private ownership of urban real property and the development of a market for such property. In a 2003 land law, the GoM committed to the sustainable use of rangeland, which by encouraging efficient land use and range recovery, should give farmers and herders a better land base for profitable economic activity.

- **Vocational Education Project**. The GoM has committed to modernizing the vocational education system and involving the private sector in its management and operation. The GoM has ratified the Master Plan to Develop Education, 2006-2015. In 2006, the GoM modified the Employment Promotion Fund to support private sector development and employment. Finally, amendments to the Vocational Education and Training Law and Employment Promotion Fund that would help students cover tuition fees and help cover key administration costs of the vocational education system have been proposed.

- **Health Project**. In 2001, the GoM adopted a State Public Health Plan that declared *public health* a health sector priority and encouraged inter-sectoral (i.e., GoM, NGO, family and community) support for health promoting behavior, as well as equal focus on health promotion, disease prevention and curative care. The GoM approved a Health Sector Strategic Master Plan in 2005 that (i) emphasizes behavioral change and information, education and communication activities to promote healthy lifestyles and (ii) focuses on preventing the most common communicable and non-communicable diseases. Also in 2005, the GoM adopted a national program on the prevention and control of NCDIs based on WHO recommendations and worldwide experience, and many related policy changes (e.g., anti-smoking legislation) have been effected.

D. Sustainability

- **Rail Project**. The Rail Project has been designed specifically to address issues of institutional and financial sustainability through: (i) the provision of extensive training and technical assistance to all critical parties – MTZ, LeaseCo and MRA – in management, finance, and operations to ensure that they can function effectively as key components of a modern, commercialized rail system in a market economy, (ii) the organization of institutional relations among the parties to reinforce the commercialization and efficiency of rail operations, (iii) the inclusion of planning for operational sustainability as the heart of the work programs for MTZ and LeaseCo, and (iv) the focus on commercial terms for LeaseCo's operations, to attaining a level of revenue that will sustain its operations beyond the term of the Compact.

- **Property Rights Project**. The Property Rights Project will provide technical assistance in the development and implementation of a Registry sustainability plan, including pricing of services to ensure sufficient revenue to improve operations and attract more registrants. Management, operations, and financial training will be provided to registry personnel to institutionalize "best practices" for public entities. With respect to the peri-urban land leasing component, leaseholders will make payments for infrastructure and land leasing to district-level governments, which in turn will use these remittances for land management, extension services, well testing, and other services needed by the herder groups. In addition, better rangeland management will increase land productivity capable of supporting increased economic activity in perpetuity.

- **Vocational Education Project**. The fundamental objective of the Vocational Education Project is to put Mongolian vocational education and training on a sound and sustainable footing, based on an active partnership between the public and private sectors. This means changing the legal and regulatory environment in the first instance to enable vocational education institutions to operate more efficiently and in better synchronization with the needs of both public and private sector employers. To ensure sustainability, the Project will focus on establishing linkages between and among institutions in the educational sector to ensure that better practices are grounded in working relationships. Finally, it also emphasizes retraining educators

and providing revised and re-focused educational and training materials so that the changes become institutionalized. One of the most important elements of the Vocational Education Project is targeted improvement in the income-generating capacity of the Technical and Vocational Education and Training institutes, since enhanced revenues will be critical to sustainability beyond the term of the Compact.

- **Health Project**. To enhance sustainability, the Health Project includes capacity building from its start-up phase. A major element of capacity building activities is changing the attitudes and practices of health providers and clients toward cost-effective but "low-tech" interventions for prevention and treatment of NCDIs. In addition, as physical health is of particular economic importance to lower income, remote, and vulnerable groups, the GoM will be required to maintain core programs beyond the term of the Compact to ensure access of these groups to prevention, early detection, and health management services on an on-going basis.

E. Environment and Social Impact

MCC will require that all Projects comply with national laws and regulations, MCC's environmental guidelines and gender policy, and World Bank's Operational Policy 4.12 on Involuntary Resettlement. None of the Projects is likely to generate significant adverse environmental, health, or safety impacts, and all expected impacts can be mitigated. However, the Rail Project ("Category A" according to MCC's environmental guidelines) has the potential to encourage an increase in mineral extraction, which might put unsustainable pressure on the environmental control system, transit trade of timber extracted illegally in Siberia, and trafficking in persons. Potential impacts of the Property Rights Project ("Category B") include health and safety risks associated with installation of equipment and building rehabilitation in the urban component as well as the potential for depletion of the water table and degradation of pasture land associated with the peri-urban land leasing component due to poor planning. Similarly, potential negative environmental and social impacts of the Vocational Education Project ("Category C") and the Health Project ("Category C") include health and safety risks. For the Health Project, these will specifically encompass medical waste management as well as health and safety risks associated with diagnostic equipment. The full scope of the impacts of each of the Projects will be further examined through various environmental and social assessments that the GoM will conduct during the first year of the implementation of the Program. Negative impacts and risks identified through these assessments would be mitigated or managed.

In addition, requirements to ensure Project compliance with MCC's environmental and social standards will include:

- **Rail Project**. In light of possible negative direct, induced, trans-boundary and cumulative impacts, a Category A Environmental Impact Assessment and an Environmental Management Plan (***EMP***) will be completed for the complete rail system, identifying necessary mitigation measures. Funding is included for mitigation and enhancement of the capacity of the Mongolian Customs General Administration

to enforce and implement environmental laws and regulations applicable to the transport of natural resources.

- **Property Rights Project**. The completion of a framework environmental and social assessment and EMPs for all components of the Project will be required.

- **Vocational Education Project**. MCA-Mongolia will develop EMPs, including health and safety guidelines for use in the technical and vocational education training institutes in the Project.

- **Health Project**. A plan for the safe and proper use of diagnostic equipment will be developed and used, as well as EMPs to address health and safety issues and compliance with existing waste management regulations for all project related services and facilities. The EMP will also include procedures and funding for support of remedial actions to ensure compliance with MCC's environmental guidelines, Mongolian regulations, and access needs for potential beneficiaries.

Positive environmental and social impacts stemming from compact activities include: (i) increases in fuel efficiency, a reduction in air emissions and improved air quality, increases in employment for disadvantaged groups, and a reduction in the inflationary pressures on such items as fuel (which impact disproportionately on the poor) caused by bottlenecks in the transportation system from the Rail Project, (ii) increases in income from ability to capitalize land assets, reductions in peri-urban land degradation and increases in income for vulnerable groups from livestock productivity gains from the Property Rights Project, (iii) increases in educational and employment opportunities for women, the poor, and other disadvantaged groups from the Vocational Education Project, and (iv) improved health for vulnerable groups (including women), as well as associated improvements in labor productivity from the Health Project.

F. Donor Coordination

MCC has consulted extensively on each of the proposed projects with the major donors in Mongolia, including the World Bank, Asian Development Bank (***ADB***), Gesellschaft für Technische Zusammenarbeit (***GTZ***) and US-Agency for International Development (***USAID***). In the case of the rail project, both the World Bank and ADB have been providing the GoM with support for developing a comprehensive transport strategy, including the promotion of greater financial transparency, regulatory reform, and private sector involvement. The International Finance Corporation recently completed a two-year project to strengthen the regulatory structure for leasing in Mongolia, culminating in the adoption in June 2006 of a new Law on Financial Leasing. These donors, as well as the European Bank for Reconstruction and Development, have expressed an interest in supporting the proposed project and areas of potential synergies are being explored.

Similarly, with the Property Rights Project, MCC's support will interact with and build upon a variety of efforts made by other donors. Most notably, the ADB's "Cadastral Survey and Land Registration Project" has mapped many land parcels slated for

privatization and currently is developing a land information system that will serve as an integrated one-stop resource for government and the private sector. The design of the privatization component has drawn heavily from the experience of USAID's "Ger Initiative," which is implementing a variety of economic development efforts in the *ger*-areas of Mongolia's cities. The design of the peri-urban land leasing component stems from experience gained in several prior foreign donor efforts, namely those by the UNDP, the World Bank, a joint project among the GoM, Japan International Cooperation Agency and Food and Agriculture Organization focused on improving efficiencies of the dairy system, and USAID's "Gobi Initiative."

For the health and vocational education projects, MCC-funded efforts will complement other donor work supporting Mongolia's social sectors. The proposed Vocational Education Project builds on, and will support the implementation of, the ADB-funded *Third Education Development Project*, the ADB/Volunteer Service Organization program on non-formal construction worker skills training for vunerable youth and poor adults, the GTZ project for *Urban Development, Construction Sector and TVET Promotion Program*, and the ADB/Nordic Development Fund's *Social Security Sector Development Project (2002-2005)*. The Health Project will build upon and co-finance well-designed and on-going activities like World Health Organization's laboratory specimen transport system, ADB's physician training in five districts, and the University of Toronto's research on cervical cancer diagnosis. It will also link up with Luxembourg's successful telemedicine project, which is working at the tertiary and secondary level with cardiologists, to see that patients identified with heart problems at the primary care level are referred and treated. With the exception of Luxembourg, none of the other donors are directly targeting the major NCDIs for screening and control or investing in behavior change.