Early Warning System

ADB-50013-001

Sustainable Tourism Development Project

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Quick Facts

Countries	Mongolia
Specific Location	Khuvsgul Aimag
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2016-11-14
Borrower	Ministry of Environment and Tourism
Sectors	Agriculture and Forestry
Investment Amount (USD)	$ 1.10 million

Project Description

Mongolia has a small but growing tourism sector. In 2014, tourism comprised 3.2% of gross domestic product (GDP) (MNT695.0 billion) and 2.8% of total employment (33,500 jobs). Tourism is forecast to rise 5.7% per annum to MNT1,298.6 billion (2.6% of GDP) in 2025. International tourist arrivals were 408,000 in 2015 and are forecast to increase 5.2% per annum to 620,000 in 2025. Government efforts to expand tourism are centered on Mongolia's unique wilderness values and large network of protected areas, which cover 17.4% of the country. Tourism presents important opportunities for income and livelihood diversification, yet realizing such benefits is challenging. Lessons learned from protected areas indicate the need for well-planned tourism concessions, basic public infrastructure, and inclusive planning. In contrast, protected areas in Mongolia are typically under-funded and located in poor regions with limited infrastructure. Unmanaged tourism may threaten ecological and cultural values and provide few benefits to local people. National models are required to guide tourism development in Mongolia's protected areas, tailored especially to cold, fragile, and remote environments.

Khuvsgul Lake National Park (KLNP) in Khuvsgul Aimag, northern Mongolia is one of the country's most popular tourist destinations. Established in 1992, the KLNP supports 1.2 million hectares of mountain wilderness and Khuvsgul Lake, one of the world's largest sources of freshwater. The park is located on the border with the Russian Federation, is remote, and received few visitors until 2009 2010, when access was improved as a result of reduced travel times and visa requirements. Visitor numbers rose from 11,000 in 2010 to 60,000 in 2014 and over 62 tour camps have become established at the park. Khuvsgul Aimag is the fifth poorest of Mongolia's 21 aimags and tourism could benefit local communities, yet the unprecedented increase in visitor numbers has occurred with limited planning and is largely uncontrolled.

The KLNP is now in a critical stage of development. The park's tourism potential and globally important natural values are threatened by three key issues: (i) inadequate waste management. Camp sewage is disposed in unlined pits and seeps into the soil, solid waste collection and landfill sites are limited, and park services are over-whelmed; (ii) insufficient public infrastructure for tourism. Roads in the park are unsealed, vehicle access is damaging the lake shoreline, and there is no power or other basic utilities; and (iii) lack of inclusive and sustainable planning. The park's management plan does not provide targets or guidance for tourism and the park is under-funded. Tour operators work without basic utilities, have few links with local communities, and often need to import camp food or other supplies due to undeveloped local services. Local communities receive few benefits from the tourism.

Government and donor initiatives are partly addressing some of these issues. A four-year grant (2016 2019; $3 million) funded by the Japan Fund for Poverty Reduction (JFPR) is being implemented by the Ministry of Environment and Tourism (MET) and the Asian Development Bank (ADB) to support livelihoods in the KLNP, including small pilot initiatives for community-led tourism, litter collection, herding, and a tourism working group. Civil society organizations provide limited but important support to the KLNP, including annual clean-up campaigns and ranger training. These activities are important yet alone are not sufficient to manage tourism. There is a timely and urgent opportunity to build on these efforts and develop a comprehensive and balanced approach for low-impact tourism in the KLNP, which benefits communities and protects the environment. Most of the park's population and tour camps are located in three sites, allowing a targeted approach for planning and management. The KLNP provides a strong case and ideal location to develop a national model for sustainable tourism in a protected area.

Sustainable tourism is identified in national (development of key eco-regions) and aimag (KLNP-focused green tourism) targets; the Government of Japan's Country Assistance Policy and Midterm Strategic Action Plan for Mongolia (income diversification, and environmental protection); and ADB's interim country partnership strategy, 2014 2016 for Mongolia (ecosystem management) and environment operational directions, 2013 2020 (investing in natural capital). The proposed loan will adopt an integrated approach for tourism, waste management, and inclusive planning. It will contribute as a national model for tourism in protected areas and will also support regional cooperation, through trans-boundary planning for tourism with the Russian Federation. The technical assistance (TA) is included in ADB's 2016 non-lending pipeline. The loan is proposed for

Investment Description

- Asian Development Bank (ADB)

Contact Information

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Bank Documents

- Project Disclosure PDF
- Sustainable Tourism Development Project: Project Preparatory Technical Assistance Report [Original Source]