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# Mongolia: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project

## Project Name

Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project

## Project Number

48216-001

## Country / Economy

- Mongolia

## Project Status

Closed

## Project Type / Modality of Assistance

- Grant

## Source of Funding / Amount

Grant 9183-MON: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park

### Source

### Amount

Japan Fund for Prosperous and Resilient Asia and the Pacific US\$ 3.00 million

## Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

## Drivers of Change

- Gender Equity and Mainstreaming
- Governance and capacity development
- Partnerships

## Sector / Subsector

- **Agriculture, natural resources and rural development /**

## Gender

Effective gender mainstreaming

## Description

Khuvsgul Lake National Park (KLNP) in Khuvsgul aimag supports a rapidly expanding but uncontrolled tourism industry, and a small local population which is poor, receives few benefits from tourism, and is dependent on subsistence use of natural resources. The proposed grant will support local livelihoods through improved capacity for sustainable tourism and subsistence activities, in participation with the park

administration and other key stakeholders. The project design adopts an integrated approach for livelihoods, tourism, waste management, and land use planning, and will serve as a model for other protected areas in Mongolia.

#### Project Rationale and Linkage to Country/Regional Strategy

The KLNP was established in 1992. It encompasses 1.2 million hectares of forests and mountains which surround Khuvsgul Lake, one of the most important reservoirs of fresh water in the world. It is the largest freshwater lake in Mongolia and contains 70% of Mongolia's fresh water and 1% of global fresh water. The lake is also of trans-boundary importance as it drains via the country's largest river, the Selenge, into Baikal Lake in the Russian Federation.

The KLNP is becoming one of the most popular tourism destinations in Mongolia, and tourist numbers and facilities are expanding rapidly. From 2010-2014, annual tourist visits to the KLNP rose from 11,000 to 60,000 due to improved road access and reduced visa restrictions. Although no projections for future growth are available, Khuvsgul aimag and the KLNP are targeted as a key region for the development of tourism and associated infrastructure, and growth is expected to continue.

Achieving sustainable tourism and which benefits local livelihoods and does not impact on biodiversity conservation raises significant challenges: (i) tourism-related expansion is largely occurring in the absence of planning - there is no framework for coordination among the KLNP Administration, communities, and tour operators (the key stakeholders in the KLNP), nor any shared vision, targets, or codes of conduct for tourism; (ii) districts within KLNP are some of the poorest in Mongolia, yet most communities currently have limited capacity or resources to access tourism-related benefits; (iii) uncontrolled sewage and litter from tourism is threatening the lake water quality; and (iv) for many residents in the park, livestock grazing will continue to be a principal livelihood, yet these benefits are declining due to over-grazing.

Government and donor initiatives are addressing some of these issues, but the need to support community-based tourism and waste management in the KLNP is widely acknowledged by government, communities, and tour operators.

At the national level, there is an urgent need for an integrated approach to balance livelihoods, tourism, waste management, and biodiversity conservation within protected areas. Government efforts to expand tourism are centered on Mongolia's unique wilderness values and large network of protected areas, which comprise 18% of the country's area. These are generally located in poor regions with limited infrastructure, which presents challenges for maintaining ecological values, providing benefits to communities, and sustainable tourism. Few such models are available, and the project will be among the first in Mongolia to address the linked issues for livelihoods, tourism, and waste management in a protected area. New participatory mechanisms for the KLNP will be piloted, including co-management approaches for tourism and waste management and community-led revolving funds for livelihood improvement.

#### Impact

(i) Per capita income in five soums of Khuvsgul aimag increased (Khuvsgul Aimag Socio-Economic Development Action Plan);

(ii) Management of natural resources in the KLNP improved (KLNP Management Plan)

## **Project Outcome**

### Description of Outcome

Livelihoods and sustainable tourism in five soums of the KLNP improved and integrated

### Progress Toward Outcome

The project has been completed. All DMF targets and indicators have been achieved or exceeded.

## **Implementation Progress**

### Description of Project Outputs

Community-based tourism in Khatgal and Khankh settlements promoted

Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved

Waste management around Khuvsgul Lake strengthened

### Status of Implementation Progress (Outputs, Activities, and Issues)

Target achieved. (The water quality monitoring program is completed and handed over to the agency).

Target achieved. (Total 8 CWMTs established vs target of 3; 39% (11) female staff compared to 30% target).

Target achieved. (50 litter bins and 50 eco-toilets vs target of 50).

Target achieved. (Final review of KLNP zoning report with recommendations submitted to Ministry of Environment and Tourism).

Target exceeded. (Total 664 residents trained in community-based tourism and goods and services vs target of 400; of which 66% were women participants' vs target of 30%).

Target exceeded. (Total 267 initiatives established vs the target of 40; 347 households benefitted vs the target of 120; 117 poor and/or vulnerable households benefitted vs the target of 40 and 74% these led by women).

Target achieved. (Tourism code of practice signed by 104 stakeholders of which 53 (65%) were tour camps owners vs the 50%).

Target exceeded. (Total 2,637 herders vs target of 1,125 trained in sustainable livestock and pasture management and/or non-tourism livelihoods; of which 59% were women participants' vs target of 40%).

Target exceeded. (Total 536 households adopted sustainable herding management practices vs target of 400).

Target achieved. (Total 111 livelihoods activities initiated vs target of 70; 207 households benefitted vs the target of 210; and of the 111 initiatives or 84% were led by women vs target of 40%).

Geographical Location  
Khovsgol

## **Safeguard Categories**

Environment

C

Involuntary Resettlement

C

Indigenous Peoples

C

## **Summary of Environmental and Social Aspects**

Environmental Aspects

An environmental assessment and review framework (EARF) has been prepared and includes an environmental management plan (EMP), which describes the environmental safeguard screening, management and reporting procedures to be applied to all activities supported by the project.

Involuntary Resettlement

The project does not involve involuntary resettlement or land acquisition.

Indigenous Peoples

Khuvsgul aimag supports Mongolia's only population of the Dukha ('reindeer people'), a vulnerable ethnic group. Their settlements are located over 50 kilometers west of the KLNP. Some families visit Khuvsgul Lake to sell locally-made or imported handicrafts (souvenirs) to tourists. They camp on access roads and do not stay long, partly due to the grazing feed requirements of their reindeer, which are not available in the lake area. The Dukha do not have permanent or regular seasonal settlements, or traditional migration routes, in the KLNP, and do not practice livestock herding. The project is not anticipated to result in impacts to the Dukha, but nonetheless, the design of eco-tourism activities will include culturally-sensitive approaches.

## **Stakeholder Communication, Participation, and Consultation**

During Project Design

Khuvsgul Lake is revered in Mongolia and is a high-profile area subject to frequent media coverage. A project stakeholder communication strategy has been prepared. The strategy describes target audiences and media approaches, including public events and workshops.

During Project Implementation

The project is having good success in communicating its results and lessons learned. To disseminate news of the project, the Blue Pearl Newsletter has been established (8

issues printed between 2017 and March 2019) and is distributed to government agencies, protected areas, donors, and communities. A range of pamphlets and brochures have been printed. The project has also funded two tourism events, at which community members supported through the revolving funds showcased their products.

In June-August 2018 the project experienced challenges with operation and maintenance (O&M) for 6 of the 109 project-funded toilets installed at the KLNP. This resulted in some public complaints. The project thanked the complainants for highlighting this issue and responded quickly to resume the operation of the toilets. As a pilot, challenges are expected and this provided important lessons learned. The team is using this helpful experience to strengthen the O&M arrangements for the toilets and to ensure smooth functioning in the future.

## **Business Opportunities**

### Consulting Services

The project is expected to require 3 person-months of one international consultant and 487 person-months of 16 national consultants for project implementation. These 17 positions comprise seven administrative staff (PMU manager, PIU field coordinator, Khankh officer, implementation specialist, accountant, procurement specialist, driver) and 10 specialists. The executing agency will engage all the consultants through individual consultant selection method, following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

### Procurement

The PMU, on behalf of the executing agency, will be responsible for procurement. All procurement financed by the JFPR grant will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and Mongolia's Ministry of Finance (2014) Procurement Manual. The selection and engagement of contractors for works, goods, and/or consulting services to be financed by the grant will be subject to ADB approval.

## **Contact**

Responsible ADB Officer

Bezuijen, Mark R.

Responsible ADB Department

East Asia Department

Responsible ADB Division

Environment, Natural Resources & Agriculture Division, EARD

Executing Agencies

*Ministry of Environment and Tourism*

## **Timetable**

Concept Clearance

08 May 2015

Fact Finding

04 Jun 2015 to 21 Jun 2015  
 MRM  
 22 Jul 2015  
 Approval  
 07 Dec 2015  
 Last Review Mission  
 -  
 Last PDS Update  
 27 Mar 2021

## Funding

### Grant 9183-MON

#### Milestones

| Approval    | Signing Date | Effectivity Date | Closing     |                |
|-------------|--------------|------------------|-------------|----------------|
|             |              |                  | Original    | Revised Actual |
| 07 Dec 2015 | 26 Jan 2016  | 16 Mar 2016      | 30 Jun 2020 | - 02 Jun 2021  |

#### Financing Plan

| Total (Amount in US\$ million) |      |
|--------------------------------|------|
| Project Cost                   | 3.18 |
| ADB                            | 0.00 |
| Counterpart                    | 0.18 |
| Cofinancing                    | 3.00 |

#### Grant Utilization

|                            | Date        | ADB  | Others | Net Percentage |
|----------------------------|-------------|------|--------|----------------|
| Cumulative Contract Awards | 17 Jun 2022 | 0.00 | 2.99   | 100%           |
| Cumulative Disbursements   | 17 Jun 2022 | 0.00 | 2.99   | 100%           |

#### Status of Covenants

| Category | Sector | Safeguards   | Social       | Financial    | Economic | Others       |
|----------|--------|--------------|--------------|--------------|----------|--------------|
| Rating   | -      | Satisfactory | Satisfactory | Satisfactory | -        | Satisfactory |

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