ADB

Completion Report

PUBLIC

Project Number: 48216-001
Grant Number: 9183
May 2022

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

Asian Development Bank

CURRENCY EQUIVALENTS

Currency unit – togrog (MNT)

		At Approval	At Project Completion
		13 November 2015	31 December 2019
MNT1.00	=	$0.00050	$0.00037
$1.00	=	MNT1,991.00	MNT2,731.50

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
CRF	–	community revolving fund
CWMT	–	community waste management team
DMF	–	design and monitoring framework
GAP	–	gender action plan
JFPR	–	Japan Fund for Prosperous and Resilient Asia and the Pacific
JICA	–	Japan International Cooperation Agency
KLNP	–	Khuvsgul Lake National Park
MET	–	Ministry of Environment and Tourism
O&M	–	operation and maintenance
OP	–	operational priority
PMU	–	project management unit
PSC	–	project steering committee

GLOSSARY

aimag	–	province
soum	–	district

NOTES

(i) The fiscal year of the Government of Mongolia ends on 31 December.

(ii) In this report, "$" refers to United States dollars.

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BASIC DATA

A. Project Identification

1.	Project number and project title	48216-001: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project
2.	Mode of financial assistance	Grant project
3.	Country	Mongolia
4.	Recipient	Government of Mongolia
5.	Executing agency	Ministry of Environment and Tourism
6.	Products	Grant

Item	Approval Number	Financing Amount ($ million)	Financing Source	Product Modality and Nature of Activities
Grant	9183	3.00	Japan Fund for Prosperous and Resilient Asia and the Pacific	Grant
Government		0.18	Government	Government counterpart support
Project Total		**3.18**		

B. Milestone Dates by Product

Item	Grant 9183
Approval of concept clearance	
– Date started	27 April 2015
– Date completed	7 May 2015
Fact-finding mission	
– Date started	4 June 2015
– Date completed	21 June 2015
Grant negotiations	
– Date started	16 September 2015
– Date completed	16 September 2015
Date of Board approval	7 December 2015
Date of grant agreement	26 January 2016
Date of grant effectiveness	
– In grant agreement	25 April 2016
– Actual	16 March 2016
– Number of extensions	0
Project completion date	
– At approval	31 December 2019
– Actual	31 December 2019
Grant closing date	
– In grant agreement at approval	30 June 2020
– Latest revised	Not applicable
– Number of extensions	0
Financial closing date	2 June 2021

C. Project Cost and Financing

1. Project cost ($ million)

Cost	Estimate at Approval	Actual
Foreign exchange cost	0.17	0.19
Local currency cost	3.01	2.93
Total	**3.18**	**3.12**

2. Cost breakdown by project component ($ million)

Component	Estimate at Approval	Actual
A. Base Cost		
1. Community-based tourism in Khatgal and Khankh settlements promoted	0.72	0.87
2. Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved	0.55	0.76
3. Waste management around Khuvsgul Lake strengthened	0.57	0.72
Project management	0.85	0.76
Subtotal	**2.70**	**3.12**
B. Contingencies	**0.48**	
Total	**3.18**	**3.12**

KLNP = Khuvsgul Lake National Park.
Note: Numbers may not sum precisely because of rounding.

3. Financing plan and actual ($ million)

Cost	Estimate at Approval	Actual
Implementation cost		
Recipient financed	0.18	0.13
Japan Fund for Prosperous and Resilient Asia and the Pacific financed	3.00	2.99
Total implementation cost	**3.18**	**3.12**

4. Disbursements

a. Disbursement dates by product

	First Disbursement	Final Disbursement
Grant	17 May 2016	27 May 2021[a]

[a] The date on which the unutilized advance and interest earned by the advance account net of taxes was refunded to ADB. The final withdrawal application was disbursed with a value date of 26 May 2020.

b. Grant disbursed amount ($)

Category	Original Allocation (1)	Increased during Implementation (2)	Canceled during Implementation (3)	Last Revised Allocation (4=1+2–3)	Amount Disbursed (5)	Undisbursed Balance (6 = 4–5)
1. Goods and Services	502,500	105,704	0	608,204	608,204	0
2. Pilot Community Funds and Groups	628,960	377,907	0	1,006,867	1,007,690	(823)
3. Training	237,120	(72,887)	0	164,233	162,364	1,869
4. Consulting Services	862,016	257,667	0	1,119,683	1,112,492	7,191

Category	Original Allocation (1)	Increased during Implementation (2)	Canceled during Implementation (3)	Last Revised Allocation (4=1+2–3)	Amount Disbursed (5)	Undisbursed Balance (6 = 4–5)
5. Project Management	285,120	(184,107)	0	101,013	100,674	339
6. Unallocated	484,284	(484,284)	0	0	0	0
Total	**3,000,000**	**0**	**0**	**3,000,000**	**2,991,424**	**8,576**

( ) = negative.

D. Project Implementation

1. Project Schedule

Item	Estimate at Approval	Actual
Project Management		
Date of contracts with consultants	Q1 2016−Q1 2017	17 March 2016−5 September 2019
Equipment and supplies	Q1−Q3 2016	11 May 2016−24 November 2019
First procurement	Q1 2016	11 May 2016
Last procurement	Q3 2017	24 November 2019
Output 1: Community-based tourism in Khatgal and Khankh settlements promoted		
Date of contract with ecotourism firm	Q1 2016	22 February 2017
Date of contracts with livelihood consultants	Q1 2016	March 2016–February 2020
Design pilot community revolving funds	Q1–Q4 2016	July 2016–June 2017
Trainings in community-based tourism	Q2 2016–Q4 2019	October 2016–September 2019
Start of operations		
First tranche of community revolving funds	Q1 2017	1 December 2016
Final tranche of community revolving funds	No date specified	16 June 2020
Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved		
Date of contracts with agricultural consultants	Q1 2016	May 2016–September 2019
Establish herder groups	Q3–Q4 2016	May 2016–December 2018
Prepare pasture management plans	Q4 2016–Q2 2017	May 2016–December 2018
Start of operations		
Implement new herder groups	Q4 2016–Q4 2019	January 2017–December 2019
Implement pasture management plans	Q4 2016–Q4 2019	January 2017–December 2019
Output 3: Waste management around Khuvsgul Lake strengthened		
Date of contract with water quality firm	Q1 2016	27 February 2017
Date of contracts with waste consultants	Q1 2016	October 2016–May 2020
Completion of toilet designs	Q4 2016	3 June 2018
Civil works contract for toilet installation		
Date of award	Q1 2017	16 July 2017
Completion of work	Q4 2017	September 2017
Equipment and supplies for water quality monitoring equipment and toilets		
Dates		
First procurement	Q3 2016	17 March 2016
Last procurement	No date specified	3 October 2019
Completion of toilet installation	Q4 2017	September 2017
Start of operations		
Water quality monitoring program	Q1 2016–Q4 2019	Q1 2017–Q4 2019
Operation and maintenance of toilets	Q3 2016–Q4 2019	September 2017
Other milestones		
Inception workshop	Q1 2016	11 May 2016
Midterm workshop	Q1 2017	4 June 2018
Final review workshop	Q4 2019	3 October 2019

KLNP = Khuvsgul Lake National Park, Q = quarter.

2. Project Implementation Indicators

Project Indicator	Description
Project readiness	None[a]
Concept approval to first disbursement (days)	376
Signing to first disbursement (days)	112
Grant closing to financial closing (days)	337

[a] Detailed design of the project components was conducted during project implementation.

3. Project Performance Ratings

Year		Overall	Contract Awards	Disbursement	Financial Management	Technical/ Output	Safeguards
2016	Q1	On Track	On Track	On Track	Yes	Yes	Satisfactory
	Q2	On Track	On Track	On Track	Yes	Yes	Satisfactory
	Q3	On Track	On Track	On Track	Yes	Yes	Satisfactory
	Q4	On Track	On Track	On Track	Yes	Yes	Satisfactory
2017	Q1	Potential Problem	Potential Problem	Potential Problem	Yes	Yes	Satisfactory
	Q2	Actual Problem	Actual Problem	Actual Problem	Yes	Yes	Satisfactory
	Q3	Actual Problem	Actual Problem	Actual Problem	Yes	Yes	Satisfactory
	Q4	Potential Problem	Actual Problem	On Track	Yes	Yes	Satisfactory
2018	Q1	Actual Problem	Actual Problem	Potential Problem	Yes	No	Satisfactory
	Q2	On Track	On Track	Potential Problem	Yes	Yes	Satisfactory
	Q3	On Track	On Track	Potential Problem	Yes	Yes	Satisfactory
	Q4	On Track	Potential Problem	On Track	Yes	Yes	Satisfactory
2019	Q1	On Track	On Track	On Track	Yes	Yes	Satisfactory
	Q2	On Track	On Track	On Track	Yes	Yes	Satisfactory
	Q3	On Track	On Track	On Track	Yes	Yes	Satisfactory
	Q4	On Track	On Track	On Track	Yes	Yes	Satisfactory
2020	Q1	On Track	On Track	On Track	On Track	On Track	On Track
	Q2	On Track	On Track	On Track	On Track	On Track	On Track
	Q3	On Track	On Track	On Track	On Track	On Track	On Track
	Q4	On Track	On Track	On Track	On Track	On Track	On Track
2021	Q1	On Track	On Track	On Track	On Track	On Track	On Track
	Q2	On Track	On Track	On Track	On Track	On Track	On Track

Q = quarter.

4. Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members	Virtual Mission (Yes/No)
Reconnaissance mission	1–7 February 2015	7	49[a]	a, b, d, m, n, o, p	No
Fact-finding mission	4–21 June 2015	9	180[a]	a, b, m, o, p, q, r, s, t,	No
Grant signing mission	24–31 January 2016	2	16	a, b	No
Inception mission	8−18 May 2016	4	44	a, b, c, d	No
Review mission 1	18−24 April 2017	3	21	a, b, c	No
Midterm review mission	3−7 June 2018	3	15	a, b, c	No

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members	Virtual Mission (Yes/No)
Review mission 2	10–13 and 16–17 March 2019	3	16	a, b, i	No
Special consultation mission	1–7 October 2019	5	35	a, e, f, g, h,	No
Project completion review mission	6–10 December 2021	7	35	a, b, c, g, j, k (2)	Yes

a = principal environment specialist/project officer, b = senior environment officer, c = associate project analyst, d = principal environment specialist, e = principal communications specialist, f = external relations officer, g = financing partnerships specialist, h = financing partnerships consultant, i = project analyst, j = senior social development specialist, k = financing partnerships analyst, l = associate financing partnerships analyst, m = associate investment officer, n = senior social development specialist, o = senior natural resources economist, p = senior operations assistant, q = associate social development officer, r = principal counsel, s = principal social development specialist, t = senior procurement officer.

[a] Total mission effort included the participation of some ADB personnel who attended remotely and/or intermittently; nonetheless those efforts contributed to the project processing and/or administration and are included.

I. PROJECT DESIGN AND IMPLEMENTATION

A. Rationale

1. The Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project was implemented during 2016–2019. Khuvsgul Lake National Park (KLNP) is in Khuvsgul *Aimag* (province) in northern Mongolia, and is one of the country's largest and most visited national parks.[1] The project aimed to help address three issues: (i) limited community benefits arising from tourism (despite increasing visitor numbers to the KLNP) due to poverty and limited training and resources; (ii) excessive livestock grazing, which has damaged large areas of vegetation and soil in the park; and (iii) pollution of Khuvsgul Lake, Mongolia's largest source of freshwater. These interlinked issues reflect the key challenges facing many of Mongolia's protected areas, which contain globally significant biodiversity and cultural values but also support impoverished rural communities with few livelihood options and inadequate resources for park management and tourism planning.

2. The project was designed at the request of the Government of Mongolia and aligned with the national Government Action Program, 2012–2016 and the Green Development Policy, 2014, which emphasized the need to support poverty reduction, rural income generation, and the sustainable use of natural resources.[2] The project remained highly relevant to subsequent national development policies. Under the State Policy on Tourism Development, 2019; the Government Action Program, 2020–2024; and Vision 2050, the government is scaling up efforts to develop nature-based tourism to create rural jobs, diversify local incomes, and finance park management, while expanding the protected area network.[3] Achieving these goals requires approaches that integrate livelihoods, tourism, and biodiversity, yet few models are tailored to Mongolia's harsh climate, small populations, and fragile ecosystems. The project was funded by a grant of $3.0 million from the Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR) of the Government of Japan.[4] The grant modality was appropriate for the project's focus on piloting innovative approaches for livelihoods and waste management, nonstructural measures (especially community capacity building), and small facilities (rather than large infrastructure).

3. The project was closely aligned with the interim country partnership strategy for Mongolia, 2014–2016 of the Asian Development Bank (ADB), which identified the need to scale up ADB support for natural resources management in Mongolia, including protected area management. The project-supported the priorities of ADB's country partnership strategy for Mongolia, 2017–2020 of promoting economic diversification and job creation, increasing the inclusiveness of social service delivery, and strengthening environmental sustainability.[5] Although the project was prepared before the release of ADB's Strategy 2030, it contributed to five of its operational

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[1] The KLNP covers 11,800 square kilometers and is located in five *soums* (districts) along the border with the Russian Federation. Human populations in the KLNP are small (fewer than 6,500 people in 2020) and largely depend on livestock herding for subsistence and income. Poverty rates are high. Two small towns, Khatgal and Khankh, support most of the park's residents. The KLNP is a site of national priority for nature-based tourism. Visitor numbers have increased rapidly since 2010 due to improved road access to the park.

[2] Government of Mongolia. 2012. *Action Programme of the Reform Government through the Years, 2012–2016.* Ulaanbaatar; and Government of Mongolia, Ministry of Environment and Toursim. 2014. *Green Development Policy, 2014–2030.* Ulaanbaatar.

[3] Government of Mongolia. 2019. *State Policy on Tourism Development*. Ulaanbaatar; Government of Mongolia. *Government Action Program, 2020–2024*. Ulaanbaatar; and Government of Mongolia. *Vision 2050*. Ulaanbaatar.

[4] Formerly the Japan Fund for Poverty Reduction.

[5] ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016.* Manila; and ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020—Sustaining Inclusive Growth in a Period of Economic Difficulty.* Manila.

priorities (para. 23). The project rationale remained unchanged and relevant throughout implementation.

B. Project Impact, Outcome, and Output

4. The expected project impacts were (i) per capita income in five *soums* of Khuvsgul *Aimag* increased, and (ii) management of natural resources in the KLNP improved. The expected outcome was livelihoods and sustainable tourism in five *soums* of the KLNP improved and integrated. The project had three outputs: (i) community-based tourism in Khatgal and Khankh settlements promoted, (ii) capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved, and (iii) waste management around Khuvsgul Lake strengthened. The design piloted new approaches to support livelihoods, tourism, waste management, and conservation tailored to local conditions. The project achieved all 10 output indicators in the design and monitoring framework (DMF). A summary of the performance of project targets at completion compared with the targets at appraisal is in Appendix 1. There were no major changes in scope. Two minor changes in scope were made during implementation to reallocate grant funds among the project cost categories (para. 10). These minor changes did not materially alter or fundamentally affect the approved project scope or outcome.

5. **Output 1: Community-based tourism in Khatgal and Khankh settlements promoted.** The project targets at appraisal, as described in the DMF, were as follows: 1a. Pilot tourism codes of practice signed by community representatives, KLNP administration, and at least 50% of guesthouse owners (about 40 owners); 1b. About 400 residents trained in community-based tourism goods and services, of which at least 30% are women; and, 1c. About 40 community-based tourism initiatives established, which benefit at least 120 households (including at least 40 of the poorest and most vulnerable households); at least 40% of these are led by women. All targets were exceeded by completion. For target 1a, a code of practice was developed and signed by 104 stakeholders including the KLNP administration, 5 *soum* governments, community representatives, and 53 (65%) of guest house owners. For target 1b, 664 residents were trained in community-based tourism goods and services (versus a target of 400), of which 66% (target: 30%) were women. For target 1c, 267 community-based tourism initiatives had been established (target: 40), and involved 347 households (target: 120), of which 117 (target: 40) were poor and/or vulnerable households. Of the 267 initiatives, 74% (target: 40%) were led by women. Two consultative mechanisms were also piloted, the KLNP management council and the tourism sub-council. These comprised government, community, and tour operator representatives, and were the first mechanisms to enable a consultative approach by stakeholders for park management.

6. **Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved.** The project targets at appraisal were: 2a. About 1,125 adult residents in KLNP and buffer zone trained in sustainable livestock and pasture management and/or nontourism livelihoods, of which at least 40% are women; 2b. About 400 households in up to 5 *soums* in the KLNP and buffer zone have adopted sustainable herding management practices; and 2c. About 70 livelihood activities initiated, which benefit at least 210 households; at least 40% are led by women. All targets were surpassed by completion. For target 2a, a total of 2,637 herders (target: 1,125) were trained in sustainable livestock and pasture management and dairy and/or meat processing, of which 59% (target: 40%) were women. For target 2b, sustainable herding management practices were adopted by 536 households (target: 400).[6] For target 2c, a

[6] For this target, sustainability was defined by the establishment of herder groups and pasture management plans. Twenty-eight herder groups were established, comprising 365 members (188 men and 177 women) from 197

total of 111 livelihood activities (target: 70) had been initiated, benefitting 207 households (target: 210 households); women-led 84% of these initiatives (target: 40%). At completion, all herder groups remained operational and the pasture management plans were being implemented.

7. The output 1 and 2 targets for livelihoods were largely achieved through the establishment of six community revolving funds (CRF) (one per project *soum* and town). The CRF were a major pilot feature of the project and contributed significantly to the project outcome. A total of $760,000 (25.3%) of the grant funding was disbursed through the CRF. The rationale for the CRF was to establish a sustainable source of financing for communities to develop tourism goods and services, through low interest loans managed by community-led CRF committees in collaboration with the KLNP administration and *soum* governments. This approach was intended to facilitate community ownership and sustainability of the grant funds. The CRF were designed and piloted in parallel with output targets 1b and 2a (capacity building). Topics for vocational training were identified through community feedback and training focused on activities that would assist household loan applications to the CRF. The CRF were transferred to a national financial institution before project completion.[7]

8. **Output 3: Waste management around Khuvsgul Lake strengthened.** The project targets at appraisal were: 3a. Water quality monitoring program conducted since 2016 at the designed sampling locations, timing, and frequency; 3b. About three community-based teams established and trained to operate and maintain pilot waste management systems, of which at least 30% of members are women; 3c. About 50 pilot waste management systems designed and installed; and 3d. Review with recommendations of KLNP zoning submitted to the Ministry of Environment and Tourism (MET) and other stakeholders. All targets were achieved or surpassed by completion. For target 3a, the water quality monitoring program—the first for Khuvsgul Lake—was designed and piloted during 2016–2019 and was then transferred to a local agency.[8] For targets 3b and 3c, a community-led waste management program to help address litter and sewage management in the KLNP was piloted. Under target 3b, eight (target: 3) community waste management teams (CWMT) were established, which included 33% female staff (target: 30%). Under target 3c, 100 waste units comprising 50 litter bins and 50 toilets (target: 50) were installed in the KLNP. For target 3d, a report with recommendations to revise the internal zoning of the KLNP was submitted to the MET and endorsed by the project steering committee (PSC).[9]

households. These households represented 26% of all herder households (768) in the KLNP between 2017 and 2019 and 100% of households that grazed livestock around Khuvsgul Lake. Twenty-seven pasture management plans were prepared. Each plan was tailored to site conditions (pasture quality, livestock composition, and optimal stocking densities). A consolidated plan covering 220,000 hectares of the KLNP was prepared. Establishment of the herder groups and plans was based on mapping of herder families, livestock numbers, and pasture quality; and documented through signed agreements by the herders, *soum* governments, and KLNP administration.

[7] The CRF were designed through consultations with the MET, the Ministry of Finance, Khuvsgul *Aimag* government, and communities. Procedures for loan applications, screening, interest rates, repayment, safeguard compliance, and monitoring and reporting were prepared. Six CRF committees were established, comprising community and government representatives. Committee members and residents were given training in CRF operation and loan applications. The project operated the CRF from December 2016 to May 2019, then transferred them to the State Bank under a tripartite agreement between the MET, the State Bank, and each *soum* government. Upon handover, the six CRF were merged to a single CRF. The project provided oversight until February 2020 (Appendix 10).

[8] The program was designed and piloted by a national water research firm and transferred to the Department of Meteorology and Hydrology. The program achieves a science-based approach for monitoring lake pollution linked with tourism and livestock. The monitoring results are publicly disclosed (http://water.sain.site/).

[9] The internal zoning of protected areas is important to maximize land use planning for livelihoods, tourism, and biodiversity conservation. The review was based on consultations with the MET, *aimag* government, civil society organizations, community groups, and residents; and surveys to map biodiversity, tourism, and herding locations.

C. Project Costs and Financing

9. The project cost was estimated at appraisal to be $3.18 million, of which ADB was to finance $3.0 million through a grant from the JFPR and the government was to finance $0.18 million through in-kind contribution. By completion, ADB had financed $2.99 million (99.7%) and the government had financed $0.13 million (72.2%) of its intended contribution.

10. Two minor changes in scope were made during implementation comprising budget reallocations between project cost categories. The project was designed with six cost categories, and the reallocations resulted in increases in allocations for three categories, pilot community funds and groups (by 60.1%), consulting services (29.9%), and goods and services (21.0%); and reductions in the final allocations of the other three categories, training (–30.7%), project management (–64.6%), and unallocated (–100.0%). The first reallocation was on 16 April 2019 for $548,480 and the second reallocation was on 20 May 2020 for $269,944.[10] The most significant reallocation was to provide increased financing for the CRF under the pilot community funds and groups category. At appraisal, the amount allocated for the CRF was $0.52 million (17.3% of the grant) and by completion was $0.76 million (25.3%). The reallocations were made in the final 2 years of the project and reflected the need to update cost allocations based on actual expenditures and the opportunity to maximize the project development impact.

11. The project was completed within budget. Financial management was in accordance with ADB requirements and the grant covenants and was generally smooth. Some delays were experienced in the preparation and/or approval of withdrawal applications due to the time required for the MET and the project management unit (PMU) to learn ADB procedures. Project costs at appraisal and completion are in Appendix 2 and project costs by financier are in Appendix 3.

D. Disbursements

12. Total disbursement under the project was $3.12 million, comprising $2.99 million (95.8%) from the JFPR and $0.13 million (4.2%) from the government. The grant was disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time). The MET submitted withdrawal applications to ADB, supported by 6-monthly estimates of expenditures and statements of expenditures. ADB disbursed funds to an advance account established for the project, based on the agreed workplans. The first disbursement was on 17 May 2016 and the final disbursement was on 27 May 2021.[11] Disbursement was on track in the first year of implementation, lower than projected for the following 3 years, then matched projected disbursement in the fifth year (Appendix 4). The difference between actual and projected cumulative disbursement within each year was small. Delays in disbursement arose due to delays in procurement (para. 16); the time required to design and pilot activities; and factors beyond the project's control, including changes in MET personnel during national elections. These issues were addressed through (i) regular communication between the MET, ADB, and the PMU and review of annual workplans and targets; (ii) procurement training for the PMU; (iii) a midterm adjustment for contract awards and disbursement; and (iv) enrollment in ADB's client portal disbursement system (in 2019) to improve the efficiency of withdrawal application procedures.

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[10] The first reallocation was from training (–$78,120), project management (–$122,120) and unallocated (–$348,240) to goods and services ($44,000), pilot community funds and groups ($174,900), and consulting services ($329,580). The second reallocation was from consulting services (–$71,913), project management (–$61,987), and unallocated (–$136,044) to goods and services ($61,704), pilot community funds and groups ($203,007), and training ($5,233).

[11] Financial closing of the grant account was delayed because of a delay in the liquidation of the outstanding advance and refund of the unutilized advance.

E. Project Schedule

13. The grant was approved on 7 December 2015, the grant agreement was signed on 26 January 2016, and it became effective on 16 March 2016. The expected and actual project completion date was 31 December 2019. The closing date was 30 June 2020. The project was completed and closed on time as originally scheduled at project appraisal.

F. Implementation Arrangements

14. The MET was the executing agency, acting through the Department of Protected Areas Management. A PSC was established after grant inception and provided oversight during implementation. The PSC was chaired by the MET state secretary and comprised 18 representatives from the Ministry of Finance, the MET, Khuvsgul *Aimag* government, the private sector (Khuvsgul Tourism Association), and community representatives from Khatgal and Khankh towns in the KLNP. The PSC convened five meetings during 2016–2019, which were attended by representatives from ADB's Mongolia Resident Mission, the Embassy of Japan in Mongolia, and the Japan International Cooperation Agency (JICA). Project implementation was coordinated by a PMU based in the national capital (Ulaanbaatar) and a project implementation unit based in Khuvsgul *Aimag*. The implementation arrangements were effective to achieve the project outcome and no major changes were made. The MET and the PSC provided project support including endorsement of workplans, review of designs and progress, and handover of components at completion. A key challenge was the long travel distances between Ulaanbaatar and the KLNP and within the KLNP, which required additional planning and time to reach project communities. This was managed effectively by the dual arrangement of office- and field-based personnel and placement of one position in the town of Khankh in the KLNP.

G. Procurement

15. At appraisal, the procurement plan comprised 20 contracts for consulting services, through individual consultants' selection (17 contracts), consultants' qualification selection (2 contracts), and least cost selection (1 contract); and seven goods packages (10 contracts), comprising shopping (6 packages with 7 contracts) and community participation for goods and services (1 package with 3 contracts). The individual consulting services were expected to comprise one international position (waste management, 3 person-months) and 16 national positions (7 administrative and 9 technical, 487 person-months). During implementation, the international position was split into two (one position for solid waste and one for sanitation, a total of 5 person-months), 5 additional national individual positions were recruited, and the final number of national positions was 21 (340 person-months); and 4 additional goods packages were procured, 1 additional procurement method was applied (direct procurement), and the final number of contracts was 26 (Appendix 6). The procurement plan met the project targets. Although the number of procurement packages was high, this enabled the project to provide diverse and long-duration vocational training under outputs 1 and 2 and equipment for water quality monitoring and waste management under output 3.

16. At appraisal, contract awards were scheduled to be completed by the second year of implementation, but actual contract awards continued almost until project closing (Appendix 5). Most packages experienced delays, due to the time required for the PMU to become familiar with ADB procurement procedures, the availability of MET personnel to attend bid evaluation meetings, and/or availability of the executing agency to sign procurement documents. These delays did not have significant impacts on implementation. There were no major changes in the

procurement plan. Procurement was conducted in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

H. Poverty, Social, and Gender Equality

17. **Poverty and social.** The project was designed and implemented to support livelihoods and income diversification in a location characterized by high levels of poverty. By completion, the project had established (i) 267 community-based tourism initiatives (target: 40), which benefited 347 households (target: 120) including 117 poor and vulnerable households (target: 40); and (ii) 111 livelihood activities (target: 70), benefiting 207 (target: 210) households (Appendix 1). These benefits were largely achieved through the issuance of household loans under the CRF and associated vocational training. The project targeted to generate about 45 new jobs through the establishment of 3 CWMT, and by completion 8 CWMT with 45 members had been established. The project also targeted providing capacity development and income generation training for about 1,525 residents, and by completion, 3,301 residents had received training in income-generating activities and sustainable livestock and pasture management. The project successfully contributed to livelihoods and income diversification in the project area.

18. **Gender.** The project was categorized *effective gender mainstreaming*. A gender action plan (GAP) comprising 10 targets and 6 activities was designed to ensure that women would benefit from the project through training in vocational skills and jobs. Five of the gender targets were included as output targets in the DMF. The composition of the PMU designed at appraisal included a social and gender specialist, who coordinated the implementation of the GAP and the collection of sex-disaggregated data. The 10 targets were achieved or exceeded, as documented through PMU monitoring and testimonials from project beneficiaries (Appendix 7). Key achievements were the high proportion of enterprises led by women and women in training activities: by completion, 76.7% (290 of 378) of household enterprises established through the CRF were led by women; and 60.5% (1,996 of 3,301) of residents trained were women.[12] The project complied with the gender conditions in the grant covenants, specifically the recruitment of a social and gender specialist, inclusion of the GAP in bidding documents and contracts, and reporting of GAP progress (Appendix 7).

I. Safeguards

19. **Environment.** The project was classified category C for environment. An environment assessment and review framework, including an environment management plan and grievance redress mechanism (GRM), was prepared in compliance with ADB's Safeguard Policy Statement (2009) and applied throughout implementation. The only works under the project were the construction of 50 toilets and the installation of litter bins and small signs for visitors. Site locations were screened to avoid impacts on vegetation, permafrost, and Khuvsgul Lake. Toilets were designed to be dry (non-flushing) units to minimize sewage generation and pollution of the soil and water. The environment management plan was included in the contracts of the contractors, and works were overseen by the KLNP administration and monitored by the project implementation unit. No adverse environmental impacts occurred. One grievance was lodged and resolved. Safeguard compliance was reported in the project semiannual reports. All activities supported the objectives of the KLNP Management Plan and complied with Mongolia's Law on Special Protected Areas for works in protected areas (Appendix 11).

[12] Of 267 enterprises established under output 1c (para. 5), 198 (74.0%) were led by women; and of 111 enterprises established under output 2c (para. 6), 94 (83.4%) were led by women. Of 664 residents trained under output 1b (para. 5), 440 (66.2%) were women; and of 2,637 residents trained under output 2a, 1,556 (59.0%) were women.

20. **Involuntary resettlement and indigenous people**. The project was classified category C for involuntary resettlement and indigenous people. The project did not involve land acquisition or economic or physical displacement. Establishment of the CRF included an environmental and social impact screening checklist to avoid safeguard risks for enterprises funded by the CRF. The 50 toilets constructed by the project (para. 8) were on public land and their locations were selected in consultation with the MET, the KLNP administration, and governors' offices of the five project *soums*. There were no project impacts on indigenous people. Khuvsgul *Aimag* has a Dukha ethnic minority population, but there are no permanent or regular seasonal settlements of the Dukha people in the KLNP.

J. Other Applicable Themes

21. **Contribution to Strategy 2030.** The project was mapped to Strategy 2030 and contributed to five operational priorities (OPs): OP1, addressing remaining poverty and reducing inequalities (three indicators); OP2, accelerating progress in gender quality (three indicators); OP3, tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability (three indicators); OP5, promoting rural development and food security (one indicator); and OP6, strengthening governance and institutional capacity (two indicators) (Appendix 9). These contributions reflect the benefits to rural communities and natural resources management delivered through the project design and gender targets especially the CRF; tourism codes of conduct; co-management mechanisms; and components for herding, pasture management, water quality monitoring, and waste management.

22. **Knowledge dissemination.** The project experiences and lessons were disseminated through (i) ADB knowledge materials and media, including a technical publication and blog, video, infographics, and media releases through the ADB website and social media; (ii) technical consultant reports disclosed on the ADB website; (iii) a project newsletter (eight issues during 2017–2019) and project social media site (which provided regular updates on project progress and posting of project articles, photographs, and videos); and (iv) intermittent photographic documentation of project activities throughout implementation by the PMU and by a professional photographer recruited by ADB for the final review mission (Appendix 12). Further knowledge products are warranted to share the project lessons.

23. **Japanese visibility.** Guidelines for donor visibility were complied with, and project-funded goods, materials, workshops, and reports, summarized in Appendix 12, featured the logos of the JFPR and the Government of Japan. During project missions, workshops, and presentations, ADB and government agencies acknowledged the JFPR support. Japanese experts from the Japan Association for International Collaboration of Agriculture and Forestry provided training and lectures to project beneficiaries on honey production, a key livelihood activity, coordinated by the PMU and JICA. The Embassy of Japan in Mongolia was an observer to the PSC and attended most of the PSC meetings. Three visits to the project sites were made by senior embassy personnel (the ambassador, first secretary, and/or second secretary) accompanied by the PMU and the country director of ADB's Mongolia Resident Mission. During ADB review missions, meetings were held with the embassy and JICA personnel and project materials, including the memorandums of understanding, were provided. JICA personnel attended the closing workshop.

24. **Scaling up ADB support.** The JFPR funding resulted in significant scaling up of ADB support for Mongolia's tourism sector. The pilots and experiences achieved under the $3.0 million JFPR grant project were subsequently applied to the preparation of two ADB lending projects and one new JFPR grant for tourism and livelihoods in Mongolia with a combined value of $70.0

million.[13] The projects were also Mongolia's first loans for the tourism sector. These new projects are applying the grant-funded CRF, training and consultation mechanisms, and lessons from toilet design and operation and maintenance (O&M). The KLNP remains a focus of one of the lending projects, which was designed to complement and build upon the JFPR project**.**

K. Monitoring and Reporting

25. The PMU established a project performance monitoring system and maintained it throughout implementation. Quantitative monitoring was conducted to record progress against the numerical targets and indicators in the DMF and GAP, including sex-disaggregated data, and to measure weighted physical progress against the number of months since grant effectiveness. Reporting was semiannual. Eight semiannual reports (covering March 2016 to December 2019) and a domestic project completion report (August 2020) were prepared and disclosed on ADB's website. The reports covered all aspects of implementation including progress against the outputs and outcome, financial management, auditing, procurement, and safeguards. The reports were comprehensive and largely submitted on time. The project also included grant covenants that required compliance with the GAP, environmental and social safeguards, financial management, procurement, donor visibility, and handover of equipment at project completion (Appendix 8). All grant covenants were complied with. No covenants were modified, suspended, or waived.

26. At appraisal, the pre-mitigation financial management risk for the project was assessed to be *moderate* and a financial management action plan was prepared. This included the conditions that no withdrawals could be made from the grant account until a qualified accountant for the PMU had been recruited and accounting software acceptable to ADB had been established for the project. Both conditions were met soon after project effectiveness. ADB provided financial oversight and training to the PMU and the MET during implementation. Six annual audited project financial statements (covering fiscal years 2016 to 2021) were conducted. All confirmed that the project was financially managed in accordance with ADB and domestic requirements. Overall, the financial management assessment conducted at appraisal was accurate and the risk mitigation measures implemented—especially the recruitment of an accountant and a procurement specialist—achieved a strong basis for the financial management of the project.

II. EVALUATION OF PERFORMANCE

A. Relevance

27. The project is rated *highly relevant*. At appraisal the project was closely aligned with the government's strategies for development and environmental protection and ADB's country partnership strategies, and remained highly relevant at completion (paras. 2 and 3). Under Mongolia's current national development policies, nature-based tourism and the KLNP continue to be key development priorities. There were no changes in the project scope or DMF. The grant modality was appropriate to the design, and the project was completed on time and within the budget. The project piloted an innovative approach to community-based tourism and sustainable financing, developed and tested decentralized toilet designs tailored to remote locations and to protect a fragile lake ecosystem, and facilitated the establishment of new consultative mechanisms between the park administration and communities and the first water quality monitoring program for the KLNP. The project marked the entry of ADB support for tourism in Mongolia and established a knowledge platform for a multisector approach to support livelihoods,

[13] ADB. Mongolia: Sustainable Tourism Development Project; and ADB. Mongolia: Sustainable Tourism Development Project (Phase 2).

tourism, and conservation in protected areas. The pilots and experiences under the project were subsequently applied for the design of Mongolia's first two lending projects for tourism, both funded by ADB (para. 26).

B. Effectiveness

28. The project is rated *effective* in achieving the expected outcome. The three outcome targets were achieved or exceeded by completion (Appendix 1). Achievement of the outcome targets can be confidently attributed to the achievement of the outputs, as the baseline indicator values for most targets in the DMF was zero (i.e., there were few preexisting efforts that would have contributed to achievement of the project targets), and during implementation few other organizations were addressing the same issues in the KLNP. All output targets were achieved or exceeded (paras. 4–8). By completion, all components designed and piloted under the project were operational and had been transferred to local agencies and communities—the CRF, KLNP management council, herder groups, pasture management plans, toilets, litter bins, and water quality monitoring program. The project contributed to improved livelihoods and management in one of Mongolia's largest and most visited protected areas. Key achievements were (i) the development of new income streams for residents from community-based tourism; (ii) improved capacity of herders and KLNP personnel for sustainable pasture management; (iii) pilot approaches to manage sanitation and solid waste from tourism; (iv) new mechanisms for participatory management by the park administration with communities and other stakeholders; (v) recommendations for improved park zoning; and (vi) a water quality monitoring program to help establish a long-term record of the condition of Khuvsgul Lake.

29. For outcome target A, by 2020 a total of 714 households (target: 330) in 5 *soums* of the KLNP were deriving income from 515 enterprises established with loans from the CRF. Based on a mean household size of 3.4 persons in the five project *soums* in 2018,[14] the loans issued via the CRF directly benefitted about 2,428 residents. This was equivalent to about 40% of the total population in the KLNP in 2018 (6,124 people) and demonstrated the effectiveness of the CRF approach to reach a large proportion of beneficiaries. For outcome target B, the CRF were still operating at completion (a key target) and by project closing (in June 2020) the capital base had increased to 104.6% (target: 105%). This confirmed that in the 10 months since handover of the CRF from the project to the State Bank (footnote 7), operation of the CRF had been maintained, there was continued community demand for CRF loans, and loan repayments were generally being made on time with few loan defaults. For outcome target C, the PSC endorsed four (target: three) of the project mechanisms to support livelihoods and park management for incorporation into the KLNP Management Plan.[15] The MET's revision of the KLNP Management Plan, scheduled for 2020, was delayed due to the coronavirus disease (COVID-19) pandemic and changes in MET personnel. The target is assessed as achieved based on the PSC endorsement, continued operation of the CRF by MET and the State Bank, and new ADB support underway to follow-up on this and other project components (para. 37).

30. The project was also effective in meeting the targets of the GAP (para. 18); safeguard requirements (paras. 21–22); donor visibility (para. 25); and monitoring, reporting, and financial management (paras. 27–28). All grant covenants were complied with (Appendix 8).

[14] National Statistical Office. 2020. *Khuvsgul Aimag Statistical Yearbook 2018*. www.1212.mn. Ulaanbaatar.

[15] The PSC endorsement was documented in a meeting resolution and was for the following four project mechanisms: KLNP management council, codes of conduct and CRF (output 1), and pasture management plans (output 2).

C. Efficiency

31. The project is rated *efficient* in its use of resources to achieve its outputs and outcome. The economic internal rate of return on 31 December 2021, 2 years after completion, was assessed based on performance of the CRF and was calculated at 19.9%, which was higher than the appraisal estimate of 16.3%. The difference may be explained by a higher uptake and turnover of loans than anticipated at appraisal (Appendix 10). Project implementation was generally smooth, the targets were achieved, and the project was completed on time. Nonetheless, there were delays in contract awards and disbursement, and procurement activities were completed later than scheduled (para. 16). For these reasons, a more conservative rating (of *efficient* rather than *highly efficient*) has been applied.

32. Other economic benefits of the project were unquantified but are anticipated to be significant. These include the long-term protection of ecosystem services at the KLNP resulting from improved environmental management, especially pollution and pasture management and the protection of lake water quality for local and downstream residents.

D. Sustainability

33. The project is rated *likely sustainable*. Financial sustainability was assessed based on performance of the CRF, the largest pilot component of the project. The MET and the State Bank have maintained the operation of the CRF since completion and as of May 2022 the CRF remained fully operational. At completion, the seed capital base of the CRF was equivalent to 102.4% of the original seed amount allocated by the project; on 30 June 2020 (project closing), it was 104.6%; and on 31 December 2021, it was 101.5% (Appendix 10). The decline in the capital base of the CRF during 2020–2021 was due to slower rates of repayment for loans during the COVID-19 pandemic, which caused a decline in visitor numbers to the KLNP and reduced local business incomes. The continued performance of the CRF 2 years after completion despite these external factors is striking. It confirms the strong continued community demand for the CRF, replenishment of the CRF through repayments of loans and interest by loan recipients, and the commitment of the MET and the State Bank to maintain the CRF during the pandemic. The CRF continues to be an important source of support for community-based livelihoods in the KLNP.[16]

34. The other project components achieved sustainability, although success was varied. By completion, all components had been transferred to recipient agencies and were being independently operated and maintained. This initial success reflected a strong emphasis during implementation on the need to deliver mechanisms that could be integrated into institutional frameworks and be financially and technically maintained by local agencies and communities. Two years after completion, the tourism sub-council, most herder groups and pasture management plans, water quality monitoring program, litter bins, and two of the eight CWMT remained operational. The key challenges were with the remaining waste management components: 47 of the 50 toilets were partly operational (functional but subject to intermittent O&M) and three were not operational (damaged, removed, or lacking O&M); and of the six other CWMT, two were partly operational and four were not operational. Causal factors included (i) the COVID-19 pandemic, which delayed KLNP and *soum* work programs in 2020–2021 and impacted the fiscal budgets needed to help fund O&M for toilets and CWMT; (ii) design flaws (toilets) and

[16] The operational status of the project components was assessed at completion and 2 years after completion during the ADB project completion mission (6–10 December 2021). For the CRF, discussions were held with the MET and the State Bank, and State Bank records up to 31 December 2021 were reviewed (Appendix 10).

limited community interest to work with toilet O&M; and (iii) national elections and changes in government and MET personnel, which resulted in a loss of institutional memory for the project.

35. Despite these challenges, the project's contribution to environmental sustainability and the likelihood of long-term operational sustainability for the toilets and CWMT is assessed to be high. The project mechanisms for pollution and pasture management and protection of lake water quality will benefit communities and help safeguard the KLNP's biodiversity values and tourism assets. ADB is providing new support for the KLNP through a follow-up lending project (footnote 13), which will include technical and financial support to improve the toilet designs, O&M procedures, and revenue streams for the CWMT. The new project will also support review and follow-up for the CRF to strengthen its performance. This support is timely as it is aligned with the gradual resumption of tourism following the COVID-19 pandemic.

E. Development Impact

36. The development impact is rated *satisfactory*, reflecting the social and environmental benefits achieved. The project was designed to pilot mechanisms for an integrated approach to livelihoods and income diversification, herding and pasture management, waste management, and conservation within a multiple-use protected area of high biodiversity values and Mongolia's largest source of freshwater. Both impact indicators were achieved (Appendix 1), although this was only partly attributable to the project. Between appraisal and completion, nominal per capita incomes in the five *soums* that encompass the KLNP increased by 39.4%–70.8%, reflecting improved socioeconomic conditions due to government and development partner programs.[17] Natural resources management in the KLNP improved, and this was attributable to the cumulative results of the project—the largest in the KLNP during 2015–2020—and previous projects by civil society organizations and other development agencies.

37. **Social and gender impacts.** By 2020, 714 households in the KLNP had derived new or expanded income benefits from the project, through 515 community-based initiatives (comprising a range of goods and services) supported by loans from the CRF with a cumulative lending value of about $1,507,253—more than double the $760,000 seed financing provided through the JFPR grant (para. 7). This demonstrated the value-added approach of the CRF to maximize the use of the grant funds. Training was provided to 3,301 residents (across all outputs) for income-generating activities, tourism goods and services, rural financing, livestock management, agricultural processing, and/or waste management. The project had a positive impact on women and the poor and vulnerable. Khankh *Soum*, one of the poorest and most remote *soums* in northern Mongolia, was prioritized in the project designs. The CRF were designed with lower interest rates for poor households. Of all loans issued, 106 (28.0%), amounting to about $213,187, were disbursed to poor households. Forty-five jobs were generated for the CWMT. Women's participation in the project was significant, as reflected in the high proportion of women who benefited from the CRF loans and the project's training activities (para. 18).

38. **Environmental impacts.** The KLNP management council (output 1) was the first participatory platform for KLNP staff, residents, and tour operators to discuss management issues and livelihoods for the park and resulted in new management initiatives to strengthen environmental protection (including a biodiversity survey and public handbooks on flora, fauna, and pasture plant species). The herder groups, pasture management plans, and agricultural

[17] During 2015–2020, per capita gross domestic product increased by 70.8% in Alag-Erdene *Soum*, 39.4% in Renchinlkhumbe *Soum*, 70.0% in Khankh *Soum*, 57.6% in Tsagaan-Uul *Soum*, and 43.5% in Chandmani-Undur *Soum* (National Statistical Office. 2022. *Khuvsgul Aimag Statistical Yearbook 2018*. www.1212.mn. Ulaanbaatar).

training activities (output 2) established a basis for improving livestock management and pasture productivity, issues critical to the food security of herders and for the protection of native vegetation and Khuvsgul Lake. The water quality monitoring program for Khuvsgul Lake (output 3) established a baseline to help inform management. The monitoring data are publicly available (footnote 8), and the value of the growing dataset will continue to increase with time. The project toilets and litter bins helped improve the capture of sewage and litter from tourism. The project recommendations for park zoning (output 3), developed based on science and consultation, provide a strong basis for improving environmental protection in the KLNP.

39. The project results confirmed the importance of a multisector approach to support livelihoods, tourism, and conservation in Mongolia's protected areas. The lessons learned, including the challenges experienced in the design and O&M of decentralized toilets, are directly relevant to other projects in protected areas and are already being applied in two new ADB-funded tourism projects in Mongolia (para. 26). Overall, the project contributed to achieving five of ADB's seven operational priorities, reflecting the effectiveness of the design and targets focused on addressing poverty, rural livelihoods, gender, and natural resources (para. 23).

F. Performance of the Recipient and the Executing Agency

40. The performance of the grant recipient and executing agency was *satisfactory*. The executing agency demonstrated a strong commitment to the project and provided counterpart support throughout implementation, including office space; counterpart officers; establishment of the PSC and bid evaluation panels; participation in meetings and workshops; and financial contributions for office rental, utilities, and the travel costs of central and local government staff. The executing agency complied with ADB's procedural requirements for implementation including procurement, financial management, and reporting. Representatives of Khuvsgul *Aimag* and the *soum* governments attended the stakeholder consultations and training activities. Implementation challenges included changes in government personnel,[18] delays in evaluating and awarding contracts, and inconsistent support from *soum* governments for O&M of the toilets and CWMTs. All grant covenants and safeguard requirements were complied with.

G. Performance of the Asian Development Bank

41. The performance of ADB in managing and administering the project was *satisfactory*. A collaborative relationship was established with the executing agency during processing, and this was maintained throughout implementation. ADB worked closely with the executing agency, the Ministry of Finance, civil society organizations, and other stakeholders to implement the project, resolve challenges, and provide timely approvals as needed. ADB conducted seven missions during 2016–2021 for project implementation and provided detailed guidance to the executing agency and the PMU at all stages of implementation, including for the project workplans, technical designs, safeguards, and administration. The guidance helped improve the capacity of project personnel in ADB administration procedures and approaches for protected area management.

H. Overall Assessment

42. The project is rated *successful* overall. It was *highly relevant* because the outcome and outputs were fully aligned with the government's policies and programs and ADB's country partnership strategies at appraisal and completion and the project piloted innovative approaches

[18] During 2015–2020 the director general of the Department of Protected Areas Management changed twice, the KLNP director changed three times, and most *soum* governor positions changed at least once.

to community-based tourism. It was *effective* because all output and outcome targets were substantially achieved and some were exceeded. It was *efficient* in delivering the outputs within the allocated resources and remains economically viable. It is *likely sustainable* because all project components were transferred to local agencies and were operating independently at project completion, and most components were still operating 2 years after completion. A higher rating for sustainability may have been warranted, especially considering that continued ADB support for several of the project components was integrated within a new project (footnote 13), but a more conservative rating has been applied for this criterion in view of the challenges with O&M of the toilets and CWMT (para. 36).

Overall Ratings

Criteria	Rating
Relevance	Highly relevant
Effectiveness	Effective
Efficiency	Efficient
Sustainability	Likely sustainable
Overall Assessment	**Successful**
Development impact	Satisfactory
Borrower and executing agency	Satisfactory
Performance of ADB	Satisfactory

ADB = Asian Development Bank.
Source: Asian Development Bank.

III. ISSUES, LESSONS, AND RECOMMENDATIONS

A. Issues and Lessons

43. **Multisector approach needed in protected areas.** The project location within a protected area required a design that considered the links between communities, tourism, ecological values, park management objectives, and compliance with national and ADB safeguard requirements for protected areas. The design also needed to maintain a primary focus on livelihoods, a key criterion for grant eligibility under the JFPR. The project outcome and outputs achieved a multisector approach focused on livelihoods and linked with two key management issues for the park—tourism and waste management. The implementation arrangements, comprising a central unit, a field unit, and the placement of a team member within the most remote community in the KLNP (Khankh *Soum*), were effective for addressing the logistical challenge of long travel distances to and within the KLNP and for maintaining communication with local stakeholders. The grant funding was sufficient to achieve the project outcome. The disbursement of almost 100.0% of the grant reflected the relevance of the design.

44. **Livelihood financing well received.** The provision of microfinancing for livelihoods through a revolving fund mechanism was a key project innovation supported by the government and communities, and achieved technical and financial sustainability. Elements of project design that contributed to the success of the CRF included (i) a participatory approach involving consultations with communities, *soum* governments, and the MET in all stages of CRF design and establishment; (ii) community-led selection of representatives for the CRF committees; (iii) low interest rates and collateral requirements; (iv) mobilization of qualified fund managers with financial training to support each CRF committee; (v) a comprehensive training program based on capacity assessments and stakeholder consultations, and focused on vocational skills and loan application procedures for communities and O&M procedures for the CRF committees; and (vi) CRF handover to a qualified financial institution prior to completion, guided by a detailed pre-completion assessment of CRF status and recommendations.

45. **Waste management systems challenging.** Establishing public toilet facilities within the KLNP that meet government and visitor expectations, protect the environment, and benefit communities is complex. The project met its targets for the design, testing, and handover of a pilot waste management system for tourist sites in the KLNP, comprising toilet systems and litter bins managed by community groups trained and equipped by the project and financed from visitor revenues and government funding. Despite this, the toilet designs and O&M procedures were only partially successful and sustainability after completion was limited. Key challenges were (i) high local expectations for comfort and toilet capacity—preference for flushing toilet systems—versus the practical need for non-flushing, decentralized toilets to minimize wastewater generation, environmental risks, and O&M costs; (ii) high O&M costs for waste transport to *soum* wastewater treatment plants; (iii) limited community interest in jobs with toilets; (iv) highly seasonal visitor numbers and associated challenges of extremes in supply and demand; and (v) inadequate and/or inconsistent financing for toilet O&M and CWMT salaries after project completion, due to the COVID-19 pandemic (reduced visitor revenue) and changes in *soum* governments (elections). These experiences provide valuable lessons for Mongolia's protected areas, many of which face similar challenges in relation to tourism and sanitation.

46. **Longer project duration desirable.** Achieving innovation and sustainability depended on many linked factors and the project duration was a limiting factor for some components. The design, piloting, refining, and handover of the project components depended on the (i) technical capacity of the consultants recruited to prepare the designs within the project schedules; (ii) willingness of government and communities to pilot new approaches; (iii) domestic review and approval of pilot designs; and (iv) ability of the PMU to quickly become familiar with new technical concepts and facilitate their preparation. Most project components were new for the project stakeholders, and there were no established domestic procedures to design and endorse the CRF, CWMT, toilets, management councils, and codes of conduct. Extensive stakeholder discussions (including with the MET and Ministry of Finance) were required for most stages of design and piloting. A strong emphasis on sustainability and the need for early handover and post-handover monitoring by the project was identified from the outset. In reality, ADB's emphasis on timely achievement of projections for contract awards and disbursements meant a constant short-term focus on completing tasks as quickly as possible. As a result, detailed consideration of O&M and handover was mainly conducted later in project implementation. For the toilets and CWMT, the project duration of 4 years was insufficient to achieve full operational sustainability. For these components, an additional 2 years would have been beneficial to integrate O&M within the institutional frameworks and provide continued monitoring and support.

47. **Innovation resulted in added value.** The project activities resulted in the following unplanned benefits that were not listed in the DMF or GAP: (i) additional grant financing was allocated to the CRF at the MET's request; (ii) the tourism sub-council (output 1) established a new *soum* annual festival and horse-trekking routes to support community-based tourism; (iii) 18 of the 28 herder groups established through the project (output 2) independently established their own cash revolving funds, inspired by the CRF; (iv) training for a small community honey-making industry was continued after the project, through independent financial support from a member of Parliament (who recruited the former project consultants and facilitated the creation of *soum* industry groups); (v) the MET and the *aimag* government enacted a new KLNP waste management fee for visitors; (vi) in 2018, to strengthen tourism management, a president's directive was issued for temporary suspension of tourism licenses in the KLNP; and (vii) households in the KLNP replicated the project toilet designs informally. The PMU's accumulated experience of the project's technical components and in ADB project administration was also recognized by other agencies, which would contact the PMU informally for dissemination of

project lessons. These multiple unquantified benefits demonstrate the added value of the project beyond the DMF indicators toward improved livelihoods and environmental management.

48. **Impact of external factors substantial.** Future assessments of post-project performance should consider external factors in 2020 and 2021. The project was completed in 2019 and the COVID-19 pandemic began impacting Mongolia's population in 2020. In 2020 and 2021, there were also national elections and changes in government leaders in the MET, KLNP administration, and *aimag* and *soum* governments. The COVID-19 pandemic reduced visitor numbers to the KLNP, caused economic hardship for communities and the government, contributed to the closure of the project toilets, and almost certainly influenced government decisions on allocation of funding resources for CWMT salaries and O&M of toilets. The pandemic likely also affected the CRF performance through reduced loan applications. The changes in leadership for key project agencies may have contributed to a loss of institutional memory and/or lack of commitment by new leaders to maintain support for some project components (e.g., fiscal support for CWMT salaries and toilet O&M). For the CRF, future assessments of performance also need to consider changes in operating conditions made by the State Bank since handover.

49. **Grant funding valuable in scaling support.** The JFPR funding resulted in significant scaling up of ADB support for Mongolia's tourism sector. The JFPR grant achieved a platform of experience that contributed to the preparation of two ADB lending projects and one new JFPR grant for tourism and livelihoods in Mongolia (para. 26). Under these new projects, several of the grant components are being applied or expanded. This highlights the value of JFPR financing for piloting new approaches and subsequently scaling them up as lending-based projects.

B. Recommendations

50. **Future monitoring.** Monitoring by the MET is recommended to assess the (i) performance of the CRF and water quality monitoring program and the need to provide periodic training to operators; (ii) O&M of the CWMT, toilets, and litter bins, especially to ensure financing support from the *soum* governments; and (iii) integration of key project components into the KLNP management plan, including the CRF, KLNP management council, codes of conduct, herding groups, consolidated pasture management plan, water quality monitoring program, and recommendations for rezoning of the KLNP. The MET and ADB have already begun to assess these issues under the Sustainable Tourism Development Project (footnote 13). Pending available funds, a more detailed assessment could also be undertaken in 2025 (5 years after completion) to quantify changes in livelihoods of CRF loan recipients, CWMT staff, and herding practices; and the extent to which the project components have been integrated into the KLNP management plan and *soum* government plans and policies. This proposed timing would allow for a return to pre-COVID-19 tourism levels and help offset the impact of the atypical conditions caused by the COVID-19 pandemic in 2020 and 2021.

51. **Further action or follow-up**. The MET should allocate more budget to ensure adequate staff resources are available to (i) monitor the performance of the CRF, CWMT, toilets, and litter bins; (ii) maintain O&M of the project components; and (iii) instruct and train new personnel on their responsibilities for O&M of the project components.

52. **Timing of the project performance evaluation report**. Based on global tourism forecasts, it is anticipated that domestic and regional tourism will return to pre-COVID-19 levels by about 2023. It is recommended that ADB's Independent Evaluation Department conduct a project performance evaluation no earlier than 2023.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with
Per capita income in five *soums* of Khuvsgul *Aimag* increased[a]
Management of natural resources in the KLNP improved[b]

Results Chain	Performance Indicators[c]	Project Achievements[d]
Outcome Livelihoods and sustainable tourism in five *soums* of the KLNP improved and integrated	By 2020: a. At least 330 households in up to five *soums* in the KLNP and buffer zone derive at least part of their income from over 100 project-supported initiatives in community-based tourism and the sustainable use of natural resources (2015 baseline: 0)	a. **Achieved.** In 2020, 714 households in five *soums* and one village in the KLNP and buffer zone derived part of their income from 515 community-based initiatives established or expanded due to the project training and funding.
	b. The five community revolving funds established by the project continue to operate and have a capital base equivalent to at least 105% of the total amount allocated per fund (2015 baseline: 0 community revolving funds)	b. **Achieved.** Six community revolving funds were established by the project, merged into one at handover to the State Bank, and were still operating in 2021. At project completion, the combined capital base of the funds was equivalent to 102.4% of the total amount allocated and by June 2020 (six months after completion) was equivalent to 104.6%.
	c. At least three time-based and/or quantitative targets to integrate livelihoods, tourism, and waste management are incorporated in the KLNP management plan (2015 baseline: 0 targets)	c. **Achieved.** Four project mechanisms, the KLNP management council, codes of conduct, community revolving funds, and pasture management plans, were endorsed by the project steering committee for integration within the KLNP management plan. Official revision of the plan will be completed under the L3787/3788 Sustainable Tourism Development Project.
Outputs 1. Community-based tourism in Khatgal and Khankh settlements promoted	By 2019: 1a. Pilot tourism codes of practice are signed by community representatives, KLNP administration and at least 50% of guesthouse owners (~40) (2015 baseline: 0 codes of practice)	1a. **Achieved.** Codes of practice developed and signed by 104 stakeholders, of which 53 (65%) were tour camps.
	1b. About 400 residents trained in community-based tourism goods and services, of which at least 30% are women (2015 baseline: 0 training)	1b. **Achieved.** A total of 664 residents were trained in community-based tourism goods and services, of which 66% were women.
	1c. About 40 community-based tourism initiatives established, which benefit at least 120 households (including at least 40 of the poorest and most vulnerable households); at least 40% of these are led by women (2015 baseline: 0)	1c. **Achieved.** A total of 267 community-based tourism initiatives were established or expanded, which benefitted 347 households, of which 117 were poor and/or vulnerable households. Of the 267 initiatives, 74% were led by women.
2. Capacity for sustainable livestock and pasture management in the	By 2019: 2a. About 1,125 adult residents in KLNP and buffer zone (i.e., about 50% of adult herders in 2014) trained in sustainable livestock and pasture management and/or nontourism	2a. **Achieved.** By 2019, a total of 2,637 residents in KLNP and buffer zone were trained in sustainable livestock and pasture management and/or nontourism livelihoods (mainly dairy and meat processing and

Results Chain	Performance Indicators[c]	Project Achievements[d]
KLNP and buffer zone improved	livelihoods, of which at least 40% are women (2015 baseline: 0 training)	making of clothes for local sale) of which 59% were women.
	2b. About 400 households in up to five *soums* in the KLNP and buffer zone have adopted sustainable herding management practices (2015 baseline: 0)	2b. **Achieved.** A total of 536 households in five *soums* in the KLNP and buffer zone adopted sustainable herding management practices, as confirmed by the signed endorsement of 28 new herder groups and 27 new pasture management plans.
	2c. About 70 livelihood activities initiated (e.g., household wood products in buffer zone, community dairy processing), which benefit at least 210 households; at least 40% are led by women (2015 baseline: 0)	2c. **Achieved.** A total of 111 livelihood activities were initiated, which benefitted 207 households. Of the 111 initiatives, 84% were led by women.
3. Waste management around Khuvsgul Lake strengthened	By 2019: 3a. Water quality monitoring program conducted since 2016 at the designed sampling locations, timing, and frequency (2015 baseline: 0 programs)	3a. **Achieved.** Water quality monitoring program designed and conducted between 2016 and 2019 and still operating in 2021.
	3b. About three community-based teams (of about 45 members) established and trained to operate and maintain pilot waste management systems; at least 30% of members are women (2015 baseline: 0 groups)	3b. **Achieved.** Eight teams established, trained, and were operating and maintaining the pilot waste management systems; and 30% (11) of members were female staff.
	3c. About 50 pilot waste management systems designed and installed (2015 baseline: 0 systems)	3c. **Achieved.** A total of 100 systems (50 toilets and 50 litter bins) designed and installed.
	3d. Final review of KLNP zoning with recommendations submitted to the Ministry of Environment, Green Development and Tourism and park stakeholders (2015 baseline: 1 KLNP management plan with preliminary zoning)	3d. **Achieved.** A final report on KLNP zoning with recommendations was submitted to the Ministry of Environment and Tourism on 1 April 2020.

KLNP = Khuvsgul Lake National Park.

[a] Khuvsgul Aimag Citizens Representative Council. 2008. *Khuvsgul Aimag Socioeconomic Development Action Plan*. Murun.

[b] Ministry of Environment, Green Development and Tourism. 2014. *Khuvsgul Lake National Park Management Plan*. Ulaanbaatar.

[c] None of the performance indicators were revised during implementation. Operational priorities are absent in the design and monitoring framework as tagging of operational priorities was not required at the time of project processing in 2015.

[d] Based on the project semiannual progress reports, memorandums of understanding for review missions, domestic project completion report, and stakeholder consultations.

Source: Asian Development Bank.

PROJECT COST AT APPROVAL AND ACTUAL

($'000)

	Estimate at Approval			Actual		
Item	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost
Output 1: Community-based tourism in Khatgal and Khankh settlements promoted						
A. Base Costs						
1. Goods and Services	-	84.00	84.00	-	137.53	137.53
2. Pilot Community Funds and Groups	-	256.76	256.76	-	417.71	417.71
3. Training	-	92.00	92.00	-	35.31	35.31
4. Consulting Services	88.20	135.60	223.80	100.07	154.37	254.43
5. Project management	-	61.78	61.78	-	29.43	29.43
Subtotal (A)	**88.20**	**630.14**	**718.34**	100.07	**774.35**	**874.41**
B. Contingencies	-	123.67	123.67	-	-	0.00
Subtotal (B)	**0.00**	**123.67**	**123.67**	**0.00**	**0.00**	**0.00**
C. Subtotal: Output 1 (A+B)	**88.20**	**753.80**	**842.00**	**100.07**	**774.35**	**874.41**
Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved						
A. Base Costs						
1. Pilot Community Funds and Groups	-	312.20	312.20	-	539.17	539.17
2. Training	-	128.80	128.80	-	111.13	111.13
3. Consulting Services	-	66.00	66.00	-	95.59	95.59
4. Project management	-	47.52	47.52	-	16.23	16.23
Subtotal (A)	**-**	**554.52**	**554.52**	**-**	**762.11**	**762.11**
B. Contingencies	-	62.73	62.73	-	-	0.00
Subtotal (B)	**0.00**	**62.73**	**62.73**	**0.00**	**0.00**	**0.00**
C. Subtotal: Output 2 (A+B)	**0.00**	**617.25**	**617.25**	**0.00**	**762.11**	**762.11**
Output 3: Waste management around Khuvsgul Lake strengthened						
A. Base Costs						
1. Goods and Services	-	160.00	160.00	-	321.44	321.44
2. Pilot Community Funds and Groups	-	60.00	60.00	-	50.81	50.81
3. Training	-	16.32	16.32	-	15.93	15.93
4. Consulting Services	67.80	169.64	237.44	90.57	224.41	314.98
5. Project management	-	97.42	97.42	-	16.71	16.71
Subtotal (A)	**67.80**	**503.38**	**571.18**	**90.57**	**629.30**	**719.87**
B. Contingencies	-	96.06	96.06	-	-	-
Subtotal (B)	**0.00**	**96.06**	**96.06**	**0.00**	**0.00**	**0.00**
C. Subtotal: Output 3 (A+B)	**67.80**	**599.44**	**667.24**	**90.57**	**629.30**	**719.87**
Project Management						
A. Base Costs						
1. Goods and Services	-	258.50	258.50	-	149.23	149.23
2. Consulting Services	-	334.78	334.78	-	447.50	447.50

Item	Estimate at Approval			Actual		
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost
3. Project management	-	258.41	258.41	-	164.10	164.10
Subtotal (A)	**-**	**851.69**	**851.69**	**-**	**760.83**	**760.83**
B. Contingencies	13.05	188.77	201.82	-	-	-
Subtotal (B)	**13.05**	**188.77**	**201.82**	**0.00**	**0.00**	**0.00**
C. Subtotal: Project Management (A+B)	**13.05**	**1,040.46**	**1,053.51**	**0.00**	**760.83**	**760.83**
Total (Outputs 1, 2, 3 and Project Management)	**169.05**	**3,010.95**	**3,180.00**	**190.63**	**2,926.59**	**3,117.22**

Note: Numbers may not sum precisely because of rounding.
Source: Asian Development Bank.

PROJECT COST BY FINANCIER

Table A3.1: Project Cost at Approval by Financier

Item	ADB (JFPR)		Government		Total Cost[a]	
	Amount ($ million)	% of Total Cost	Amount ($ million)	% of Total Cost	Amount ($ million)	% of Total cost
A. Base Costs[b]						
1. Goods and Services						
Vehicles	0.06	100.00	-	-	0.06	1.98
Equipment	0.03	100.00	-	-	0.03	0.94
Other Goods & Services	0.41	100.00	-	-	0.41	12.88
Subtotal Goods & Services	0.50	100.00	-	-	0.50	15.80
2. Pilot Community Funds and Groups	0.63	100.00	-	-	0.63	19.78
3. Training	0.24	100.00	-	-	0.24	7.46
4. Consulting Services						
Local	0.71	100.00	-	-	0.71	22.20
International	0.16	100.00	-	-	0.16	4.91
Subtotal Consulting Services	0.86	100.00	-	-	0.86	27.11
5. Project Management	0.29	61.30	0.18	38.70	0.47	14.63
Subtotal Base Costs (A)	**2.52**	**93.32**	**0.18**	**6.68**	**2.70**	**84.77**
B. Contingencies[c]						
1. Physical Contingency	0.30	100.00	-	-	0.30	9.41
2. Price Contingency	0.19	100.00	-	-	0.19	5.82
Subtotal Contingencies (B)	**0.48**	100.00	-	-	**0.48**	**15.23**
Total Project Cost (A+B)	**3.00**	**94.34**	**0.18**	**5.66**	**3.18**	**100.00**

ADB = Asian Development Bank, JFPR = Japan Fund for Prosperous and Resilient Asia and the Pacific.

[a] Includes taxes and duties of $300,000 to be financed by the Japan Fund for Prosperous and Resilient Asia and the Pacific and administered by the Asian Development Bank. The amount of taxes and duties is determined on the basis that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to the grant-financed expenditures, and (iii) the financing of taxes and duties is relevant to the success of the project.

[b] In mid-2015 prices as of 15 June 2015.

[c] Physical contingencies computed at 5% for eco-toilet units and litter bins, and at 50% for national consultant fee rates. Price contingencies computed on all costs except international and national consultants, based on cost escalation factors of 9.0% for 2016, 7.7% for 2017, 7.0% for 2018–2019 for local currency costs; and 1.5% for 2016, 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

Table A3.2: Project Cost at Completion by Financier

Item	ADB (JFPR) Amount ($ million)	ADB (JFPR) % of Total Cost	Government Amount ($ million)[a]	Government % of Total Cost	Total Amount ($ million)	Total % of Total cost
A. Base Costs						
1. Goods and Services						
Vehicles	0.60	100.00	-	-	0.60	1.79
Equipment	0.31	100.00	-	-	0.31	10.06
Other Goods & Services	0.24	100.00	-	-	0.24	7.66
Subtotal Goods & Services	0.61	100.00	-	-	0.61	19.51
2. Pilot Community Funds and Groups	1.01	100.00	-	-	1.01	32.33
3. Training	0.16	100.00	-	-	0.16	5.21
4. Consulting Services						
Local	0.94	100.00	-	-	0.94	30.30
International	0.17	100.00	-	-	0.17	5.38
Subtotal Consulting Services	1.11	100.00	-	-	1.11	35.69
5. Project Management	0.10	44.45	0.13	55.55	0.23	7.27
Subtotal Base Costs (A)	**2.99**	**95.96**	**0.13**	**4.04**	**3.12**	**100.00**
B. Contingencies						
1. Physical Contingency	-	-	-	-	-	-
2. Price Contingency	-	-	-	-	-	-
Subtotal Contingencies (B)	**-**	**-**	**-**	**-**	**-**	**-**
Total Project Cost (A+B)	**2.99**	**95.96**	**0.13**	**4.04**	**3.12**	**100.00**

ADB = Asian Development Bank, JFPR = Japan Fund for Prosperous and Resilient Asia and the Pacific.

Note: Numbers may not sum precisely because of rounding.

[a] The government contribution of $0.13 million was equivalent to 72.2% of the original intended contribution ($0.18 million; Table A3.1). This underfunding was due to variability in annual budget availability from the Ministry of Environment and Tourism. Nonetheless, the Government provided extensive in-kind support for the project including staff time and office resources.

Source: Audited Financial Statements and Asian Development Bank.

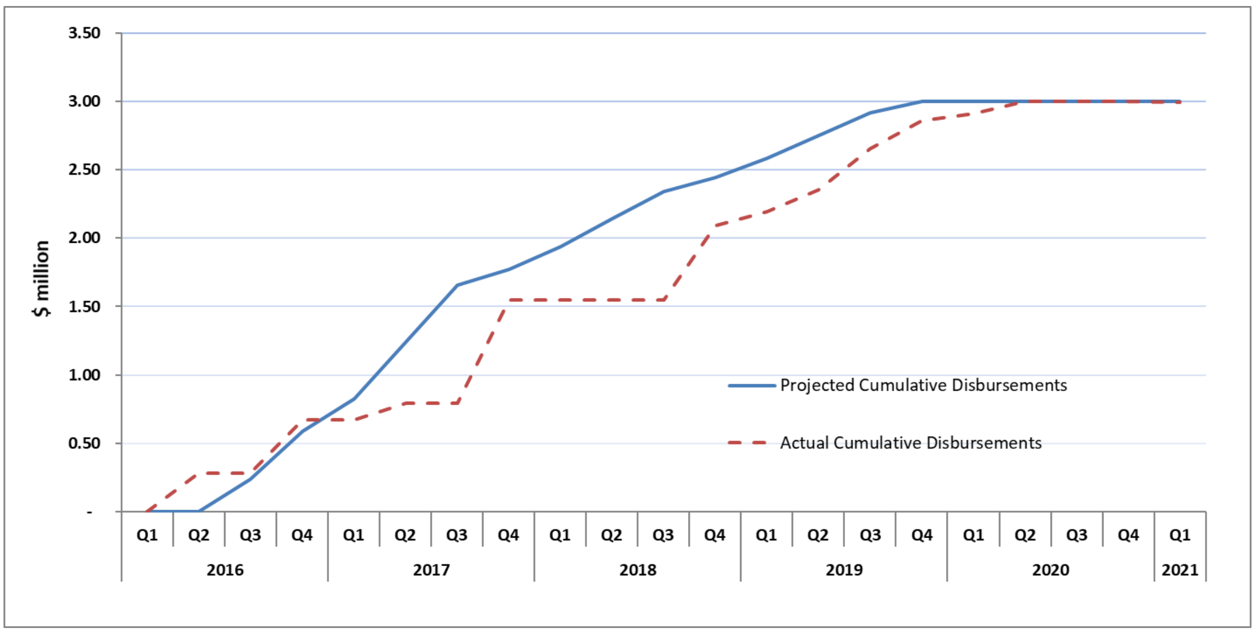
DISBURSEMENT OF ADB GRANT PROCEEDS

Table A4: Annual and Cumulative Disbursement of ADB Grant Proceeds

	Annual Disbursement		Cumulative Disbursement	
Year	Amount ($ million)	% of Total	Amount ($ million)	% of Total
2016	0.67	22.42	0.67	22.42
2017	0.88	29.25	1.55	51.67
2018	0.55	18.30	2.09	69.98
2019	0.77	25.61	2.86	95.59
2020	0.14	4.70	3.00	100.29
2021	(0.01)	(0.29)	2.99	100.00
Total	**2.99**	**100.00**		

( ) = negative, ADB = Asian Development Bank.
Source: Asian Development Bank.

Figure A4: Projected and Actual Cumulative Disbursement of ADB Grant Proceeds
($ million)



ADB = Asian Development Bank.
Note: The disbursement baseline projections were updated on 28 June 2018 following the midterm review mission held on 4-7 June 2018.
Source: Asian Development Bank.

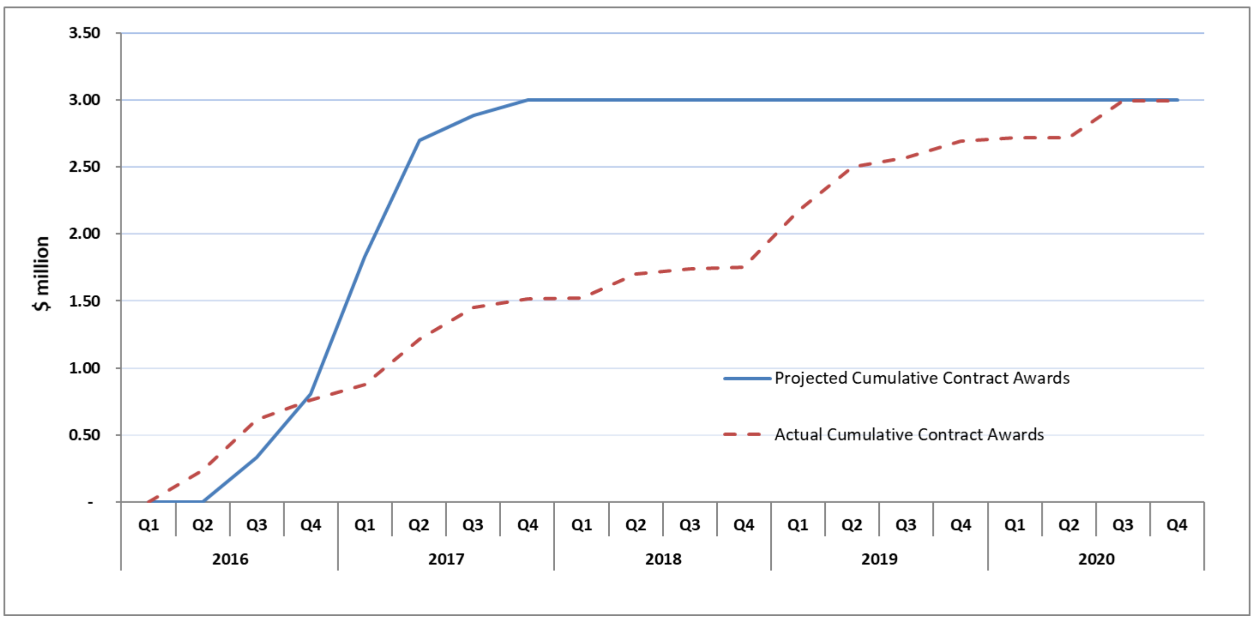
CONTRACT AWARDS OF ADB GRANT PROCEEDS

Table A5: Annual and Cumulative Contract Awards of ADB Grant Proceeds

	Annual Contract Awards		Cumulative Contract Awards	
Year	**Amount** ($ million)	**% of Total**	**Amount** ($ million)	**% of Total**
2016	0.75	25.10	0.75	25.10
2017	0.76	25.29	1.51	50.39
2018	0.24	8.14	1.75	58.53
2019	0.94	31.42	2.69	89.96
2020	0.30	10.04	2.99	100.00
Total	**2.99**	**100.00**		

ADB = Asian Development Bank.
Source: Asian Development Bank.

Figure A5: Projected and Actual Cumulative Contract Awards of ADB Grant Proceeds
($ million)



ADB = Asian Development Bank.
Note: The contract awards baseline projections were updated on 28 June 2018 following the midterm review mission held on 4-7 June 2018.
Source: Asian Development Bank.

LIST OF PROCUREMENT PACKAGES

Package No.	General Description[a]	Estimated Value ($)	Awarded Contract Value ($)	Procurement Method	Advertisement Date (quarter/year)	ADB Approval Date	Date of Completion	Comments
Goods								
G001	Eco-toilet units	170,000	173,013	Shopping	Q2 2017	6 July 2017	8 August 2018	G17642 and G17643
G002	Litter bins and OH&S equipment for CWMT	22,000	24,861	Shopping	Q1 2017	22 June 2017	2 June 2020	G17641 and G17599
G003	CWMT	70,000	46,864	Others[b]	Q1 2017	5 July 2017	17 May 2020	G18302, G18303, G18304, G18305, G18306, G18307, G18308, and G18309
G004	Car	55,000	55,784	Shopping	Q2 2016	1 June 2016	17 June 2016	G16096
G005	Motorcycle	8,000	7,451	Shopping	Q2 2016	4 July 2016	26 July 2016	G16102
G006	Computers, printers	25,000	25,021	Shopping	Q2 2016	1 May 2016	13 June 2016	G16099
G007	Office furniture	12,500	12,617	Shopping	Q2 2016	1 May 2016	13 June 2016	G16097
G008	Supply of protective clothes, tools, garbage shredding machines	8,000	10,042	Direct Procurement	Q2 2019	8 June 2019	18 September 2019	G20957, G20959, G20961, G20963
G009	Purchase of water quality monitoring and survey equipment and kits	45,000	40,891	Shopping	Q2 2019	17 June 2019	2 October 2019	G21033, G21034, G21035, G21036
G010	Improve and fix toilet structure and technology	40,000	33,897	Shopping	Q2 2019	11 June 2019	8 August 2019	G20549
G011	Implementation of stakeholder communication strategy by producing project promotion materials, newsletters, and videos	30,000	16,621	Shopping	Q4 2019	6 October 2019	30 September 2019	G21118

Package No.	General Description[a]	Estimated Value ($)	Awarded Contract Value ($)	Procurement Method	Advertisement Date (quarter/year)	ADB Approval Date	Date of Completion	Comments
Consulting Services								
C001	Project manager	110,000	114,230	ICS	Q1 2016	17 March 16	30 June 2020	G15072
C002	Field coordinator	102,500	65,029	ICS	Q1 2016	3 May 16	30 June 2020	G15999, G16665, G17083
C003	Ecotourism training firm (international)	100,000	99,950	CQS	Q3 2016	22 February 2017	28 February 2019	G17085
C004	Water quality sampling firm	102,000	102,000	CQS	Q4 2016	27 February 2017	30 June 2020	G17086
C005	Implementation specialist	89,000	71,036	ICS	Q1 2016	29 April 16	30 June 2020	G15074
C006	Accountant	89,000	81,418	ICS	Q1 2016	17 March 16	30 June 2020	G15073, G16813, G20919
C007	Procurement Specialist	18,000	27,760	ICS	Q1 2016	29 April 2016	31 July 2019	G15075, G17644, G20191
C008	Geographic information system specialist	20,000	17,749	ICS	Q1 2016	9 May 2016	31 October 2017	G15941
C009	Ecotourism specialist	51,000	39,781	ICS	Q1 2016	3 May 2016	30 June 2020	G16000
C010	Waste management specialist (solid waste) (international)	45,000	37,595	ICS	Q1 2016	25 October 2016	31 August 2017	G16664
C011	Waste management specialist	51,000	28,758	ICS	Q1 2016	3 May 2016	30 June 2018	G16001
C012	Livestock and pasture management specialist	60,000	24,947	ICS	Q1 2016	26 June 2016	28 February 2019	G16002, G19354
C013	Agricultural processing specialist	40,000	39,630	ICS	Q1 2016	11 May 2016	30 June 2020	G16003
C014	Income generation specialist	63,000	38,121	ICS	Q1 2016	11 May 2016	30 June 2020	G16110, G17275, G17597
C015	Protected area specialist	51,000	33,036	ICS	Q1 2016	10 October 2016	30 June 2020	G17084
C016	Rural finance Specialist	47,000	47,864	ICS	Q1 2016	3 May 2016	30 June 2020	G16004
C017	Social and gender specialist	15,000	8,600	ICS	Q1 2016	11 May 2016	31 October 2017	G16005, G16814

Package No.	General Description[a]	Estimated Value ($)	Awarded Contract Value ($)	Procurement Method	Advertisement Date (quarter/year)	ADB Approval Date	Date of Completion	Comments
C018	Khankh officer	44,000	32,531	ICS	Q1 2016	11 May 2016	30 June 2020	G16006
C019	Driver	34,000	27,149	ICS	Q1 2016	1 February 2017	30 June 2020	G16007, G16815
C020	Financial audit	70,000	40,000	LCS	Q3 2016	18 October 2016	30 May 2021	Audit firm was engaged through domestic method.
C021	Sanitation management specialist (international)	55,000	52,973	ICS	Q3 2016	9 November 2016	31 August 2017	G16418
C022	Construction engineer	5,000	2,456	ICS	Q2 2017	6 July 2017	28 February 2018	G17598
C023	Protected area specialist	5,800	4,149	ICS	Q4 2017	12 January 2018	30 June 2018	G18596
C024	Microfinance specialist	16,600	18,335	ICS	Q1 2018	22 August 2018	30 June 2020	G19355
C025	Pasture management specialist	19,864	17,603	ICS	Q1 2018	20 July 2018	31 December 2019	G19196
C026	Honeybee specialist	11,170	9,177	ICS	Q1 2018	20 July 2018	28 February 2019	G19197

ADB = Asian Development Bank, C = consulting, CQS = consultants' qualification selection, CWMT = community waste management team, G = goods, ICS = individual consultant selection, LCS = least cost selection, OH&S = occupational health and safety, Q = quarter.

[a] All consulting services are national unless stated otherwise.

[b] Community Participation for Goods and Services. For establishment and operation of the CWMTs (Output 3.2).

Source: Asian Development Bank.

GENDER ACTION PLAN

A. Introduction

1. The Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project (the project) was conceived to support local livelihoods through improved capacity for sustainable tourism and livelihood activities in participation of the park administration and other key stakeholders. The project design adopted an integrated approach for livelihoods, tourism, waste management, and land use planning, and served as a model for other protected areas in Mongolia. The project impact was (i) per capita income in five *soum*s of Khuvsgul *Aimag* increased, and (ii) management of natural resources in the Khuvsgul Lake National Park (KLNP) improved. The outcome was livelihoods and sustainable tourism in five *soums* of the KLNP improved and integrated. The project had three outputs: (i) community-based tourism in Khatgal and Khankh settlements promoted; (ii) capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved; and (iii) waste management around Khuvsgul Lake strengthened.

B. Gender Issues

2. Women are an important stakeholder group for tourism in the KLNP. They operate many of the guesthouses and/or homestays, arrange some tourist activities (e.g., horse rides), make and sell handicraft souvenirs, and organize supply of goods (e.g., meat, dairy and vegetable products) and services to some guest houses. The project aimed at promoting gender equality by further strengthening women’s leadership and technical and financial capacity to develop community-based tourism goods and services.

C. Project Gender Features

3. The project’s gender design features focused on (i) empowerment of women through training to achieve diversification of livelihoods; (ii) improving women’s representation in project-related decision-making, such as adapting training schedules and curricula to women's needs; (iii) enhance women leadership in community-based tourism initiatives and sustainable livestock and pasture management; (iv) support women-led businesses by increasing accessibility to financial opportunities; and (v) building sex-separate toilet facilities. The project design emphasized a participatory and inclusive approach to work with women and men, poor and vulnerable households, civil society organizations, the private sector (tourism operators), and *soum* governments.

D. Gender Action Plan Achievements

4. The project was classified *effective gender mainstreaming* (EGM) following ADB’s guidelines. A gender action plan (GAP) was prepared at appraisal to ensure that women benefit from the project through training, particularly on skills development, and jobs, and comprised 10 quantitative gender targets and six activities. Five of these targets were included as output-level targets in the design and monitoring framework (DMF). The GAP was successfully implemented with all six activities fully implemented and the 10 targets (including those in the DMF) achieved or exceeded. All GAP-related activities and targets were monitored and reported on a semiannual basis.

5. Key achievements included: (i) KLNP management council and tourism sub-council were established with 70% of women and women leaders, (ii) 74.2% of the project-supported

community-based tourism initiatives were led by women, (iii) 66.2% of the participants of the training on community-based tourism and goods and services were women, (iv) 11 out of 28 herders group (about 39.3%) were led by women, (v) 83.8% of the project-supported natural resource-based livelihood initiatives were women-led, (vi) 59.0% of the participants trained in livestock, pasture management and nontourism livelihood were women, and (vii) 50 toilet facilities with 109 cabins were constructed, of which 64 cabins (58.7%) were dedicated to women.

6. The gender equality benefits derived from the project contributed to operational priority 2 (accelerating progress in gender equality) of ADB's Strategy 2030, through increasing women's economic empowerment and gender equality in decision-making and leadership; national gender targets under the Ministry of Environment and Tourism's Environment Sector Gender Strategy (2015–2021),[1] by providing equal opportunities for participation and access to resources and benefits

7. **Gender equality in decision-making and leadership enhanced.** The project accelerated women's participation in the public consultation for planning and implementation of tourism initiatives and herder groups. The project provided systematic support to women leadership through focused training and consultations in tourism. The KLNP management council and tourism sub-council appointed women leaders. In 2021, it was confirmed during the ADB project completion review mission and associated field work (December 2021) that the tourism sub-council was still operational and that the members were working actively to promote tourism in KLNP despite the coronavirus disease (COVID-19) pandemic. During field interviews in December 2021, women leaders highlighted the importance of capacity building initiatives and consultation events organized by the project (see testimonials in Section F).

8. The project established 28 herder groups with 365 members of which 177 (48.5%) were women, and 11 of the herder groups had women leaders. The project organized six training initiatives on pasture management, and women's participation was 41.9%. Many herder women also enrolled in dairy processing, vegetable planting and hay planting trainings besides their group activities. As a result, women's voice in pasture management and livestock management was enhanced through community-based herder groups. During project completion field interviews in 2021 with representatives of herder groups in Khankh and Khatgal *soums,* it was highlighted that women-led herder groups prioritized income generation and successfully increased production and sales of their dairy products (Section F). At the same time, herder groups noted they face challenges to continue implementing the pasture management plans because of changes in *soum* administration.

9. **Increased women's economic empowerment.** The project successfully combined financial inclusion operation with building the skills of women entrepreneurs in business development; and it enhanced women's jobs and entrepreneurship opportunities in the project *soums.* As a result, beneficiary women engaged in higher value-generating activities and contributed to the household livelihoods. In total 21 skills training events were organized, and women participation was 66.2%. Women attended vegetable growing, vegetable and fruit processing, meat processing, quilting, and wool processing trainings. Due to seasonality of tourism industry, women entrepreneurs are willing to expand their businesses into different sectors to ensure income generation all year around.

10. The project expanded the financial inclusion of women and women-led businesses in target *soums* through establishment of six community revolving funds (CRF). Residents were

[1] Ministry of Environment and Tourism. 2014. *Environment Sector Gender Strategy (2015–2021)*. Ulaanbaatar.

supported by project training in how to apply for loans from the CRF. By project completion (31 December 2019), a total of 378 loans had been disbursed through the CRF, for which sex-disaggregated data on the loan recipients was collected for 249 loans (with a total amount of MNT1,303,546,388). Of these 249 loans, 147 (59.0%) of borrowers were women.

11. Overall, the positive gender results exceeding the GAP targets reflect the strong focus on gender included at design stage, including the integration of gender indicators within several output-level DMF targets, and proactive efforts facilitated by the project management unit (especially the social and gender specialist) during implementation to ensure the GAP targets were achieved.

E. Gender Action Plan Achievements Matrix

Table A7: Gender Action Plan Achievements Matrix

Actions	Indicators/Targets	Achievement at Project Completion	Status at Project Completion
Output 1: Community-based tourism in Khatgal and Khankh settlements promoted			
1.Increased participation of women in local decision-making	1.By 2019, pilot co-management group (communities, tour operators, and KLNP administration) established, of which at least 30% (n=4) of members are women	**To increase participation of women in local decision-making,** the project introduced the minimum requirement of women representation under GAP and adapted training schedules and curricula to women's need. KLNP management council and tourism sub-council were established by the official resolution of the MET's state secretary on 6 February 2017. The tourism sub-council consisted of 14 members, of which 71.4% (10) members were women. Since completion, the tourism sub-council has remained operational. A key output of the council following completion was the establishment of a new tourism association, the Khatgal Tourism Association. This is led by Ms. Tsenddavaa, the owner of a local tour camp and who was previously a member of the KLNP management council and tourism sub-council during project implementation. The Khatgal Tourism Association has provided training to local horse-trekking guides in horse trail and horse guiding skills, to support ecotourism and income generation.	Target exceeded.
2. Facilitated women's leadership	2. By 2019, at least 40% (n=16) of community-based tourism initiatives supported by the project are led by women, as measured by the number of contracts signed by women and/or co-signed by spouses of households	A total of 267 community-based tourism initiatives established with financial support of CRF and 347 households benefitted including 117 poor and/or vulnerable households. Around 74.2% of the borrowers were women as of 2019. The CRF was transferred to the State Bank in May 2019 (eight months before project completion) and was still fully operational in 2021. As of 31 December 2021, there were 206 outstanding loans of which 63.1% (130) were women borrowers. Among repeat borrowers, women-owned businesses were 67.4% (31).	Target exceeded.

Actions	Indicators/Targets	Achievement at Project Completion	Status at Project Completion
3. Gender-inclusive capacity building on tourism	3. By 2019, around 400 community members trained in tourism goods and services, of which at least 30% are women	A total of 664 residents, of which 66.2% were women, trained in community-based tourism and goods and services including household-scale enterprises such as guiding, handcraft making, and the provision of food supplies to camps, hotels, and guesthouses. After the project completion, target *soums'* households still have been running household businesses and earning income from tourism goods and services.	Target exceeded.
	4. Training needs assessment include gender-specific needs and priorities of target communities	During the project implementation, training needs assessments in tourism were conducted twice by the PMU and a consultant firm (TRC) recruited to lead tourism trainings for the project communities. The findings identified that women sought specific trainings on handcraft and tourism management including service standards, tour guiding etc. Households were interested in learning handcraft, bakery and vegetable growing that they can supply to local tourist camps and guesthouses.	Activity completed
4. Income-earning opportunities created for vulnerable and disadvantaged households	5. Around 40% of beneficiaries are from disadvantaged households (i.e., poor, low-income, female-headed households, and households with disabled member)	Project coordinated enrollment of vulnerable and disadvantaged households to income-earning initiative closely with soum governor offices. All 267 initiatives were prioritized disadvantaged households and total of 347 households benefitted of which 117 (33.7%) were poor households and 74% were women. In addition, a special loan product was developed for disadvantaged households under CRF with annual interest rate 2.4% while annual interest rate of income generation loan was 7.2%. Women borrowers account 63.1% of the total borrowers as of 31 December 2021.	Target achieved.
Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved			
5. Increased participation of women in livestock management	6. By 2019, around 20 herder groups established, of which adult women comprise at least 30% of adults in all groups combined.	To increase women involvement in the preparation of herder group management plans, training and consultations were adapted training schedule to women herders' availability. 28 herder groups composed of 197 households were established. Total members were 365 of which 177 (48.5%) were women. Also, out of 28 group leaders, 11 were women. During the interview with herder groups and community stakeholders, men-led groups prioritized quality of livestock, pasture management, and leather production; and women-led groups prioritized income generation. Women-led groups have increased dairy production and sales.	Target exceeded.

<table>
<tr><th>Actions</th><th>Indicators/Targets</th><th>Achievement at Project Completion</th><th>Status at Project Completion</th></tr>
<tr><td>6. Women are involved in preparation of herder group management plans</td><td>7. Around 40% of participants in public meetings and/or consultative workshops are women</td><td>Women were equally invited and encouraged to participate in preparation of herder group management plans. Following six capacity building initiatives organized for the herder group management plans during the project implementation, a total of 568 members of 28 herder groups were organized of which 238 (41.9%) were women.
<table>
<tr><th>No.</th><th>Training</th><th>Date</th><th>Total participants</th><th>Female participants</th></tr>
<tr><td>1</td><td>Pasture management plan development</td><td>27 October 2017</td><td>43</td><td>20 (46.5%)</td></tr>
<tr><td>2</td><td>Pasture management plan monitoring</td><td>28-31 May 2018</td><td>58</td><td>24 (41.4%)</td></tr>
<tr><td>3</td><td>Pasture management development plan</td><td>29 October 2018</td><td>47</td><td>22 (46.8%)</td></tr>
<tr><td>4</td><td>Pasture carrying capacity research</td><td>27 July-2 August 10`9</td><td>71</td><td>28 (39.4%)</td></tr>
<tr><td>5</td><td>Workshop on sustainable livestock and pasture management</td><td>21 June 2019</td><td>298</td><td>116 (38.9%)</td></tr>
<tr><td>6</td><td>Capacity building for herder group leaders</td><td>28-30 November 2019</td><td>51</td><td>28 (54.9%)</td></tr>
</table></td><td>Target exceeded.</td></tr>
<tr><td>7. Facilitated women’s leadership</td><td>8. By 2019, at least 40% of around 70 natural resource-based livelihood initiatives supported by the project are led by women, as measured by the number of contracts signed by women and/or co-signed by spouses of households</td><td>A total of 111 livelihoods activities were initiated and financed by CRF and 207 households benefitted. About 83.8% (93) of total contracted borrowers were women as of 2019.</td><td>Target exceeded.</td></tr>
<tr><td>8. Rural and/or herder women’s capacity strengthened</td><td>9. At least 40% (n=450) of herders trained in livestock and pasture management and/or nontourism livelihoods are women</td><td>To strengthen rural and herder women’s capacity, the project adapted training schedules and curricula to rural women’s needs. Total 2,637 herders trained in sustainable livestock and pasture management and/or nontourism livelihoods; of which 59.0% (1,557) were women participants.</td><td>Target exceeded.</td></tr>
<tr><td></td><td>10. Training needs assessment include gender-specific needs and priorities of target communities</td><td>Training needs assessment conducted by the PMU for project baseline and findings were used for planning capacity building initiatives. Findings of the training needs assessment highlighted that herder women are interested in learning to improve milk yields, dairy production, packaging, and sales. Priorities of the target communities were to improve the quality of</td><td>Activity completed</td></tr>
</table>

Actions	Indicators/Targets	Achievement at Project Completion	Status at Project Completion
		animal husbandry, experience sharing, machines and equipment to improve productivity and financial support. As a result of the series of capacity building initiatives, herder women increased milk yield, processing and sales of dairy products. Also, in collaboration with *soum* stakeholders, one or two of the most vulnerable households were enrolled in each herder group and assigned leaders of herder groups to support their participation for livelihood improvements.	
Output 3: Waste management around Khuvsgul Lake strengthened			
9. Khuvsgul Lake water quality improved	11. Around three community-based teams (total about 45 members) established to operate and maintain pilot waste management systems, of which at least 30% of members are women	Eight CWMT were established with 45 members and at end of the project completion, there were 28 members were working actively of which 11 (39.3%) were women. The management contract was signed with local government, tour companies and CSOs to ensure sustainability. Upon completion of the project, revenue provided by the *soum* governments and KLNP administration for the salaries and O&M of the CWMT was stopped for many CWMT, and this impeded their operations. As of 31 December 2021, two CWMT (one led by Eco-Leap, a CSO, and one led by Khatgal Tsahir, a government-owned waste management service in Khatgal Town) were fully operational, two were partly operational, and four were not operational.	Target exceeded.
	12. All members of the waste management teams, and around 10 residents employed in waste management in Khatgal and Khankh, trained in sanitation, hygiene and health and safety measures, of which at least 30% are women (2015 baseline: 0 training)	In June 2019, 16 members (43.8% female) of the eight CWMT were trained on health and safety, sanitation and maintenance of toilet facilities, economic benefits of solid waste recycling, first-aid, labor protection, instructions, and manual to build the project toilets. In addition, all members had the paratyphoid vaccine and were equipped with safety clothing and tools.	Target exceeded.
	13. Sex-separate toilet facilities installed	Fifty litter bins (including two large waste collection bins in Khatgal Town and Khankh *Soum* entry points) and 50 eco-toilet units designed, constructed, and installed in sites around the KLNP. The pilot toilets became operational from the tourist season of 2018, but 11 out of the 25 different types of toilets were to be changed into water sealed, suction toilets to address public concerns. After the changes, there were 50 toilets with 109 cabins of which 64 were for women.	Activity completed.

Actions	Indicators/Targets	Achievement at Project Completion	Status at Project Completion
Project management			
10. Gender responsive project implementation	14. At least one PMU staff member is assigned to manage social and gender aspects including the GAP	A PMU social and gender specialist worked intermittently during the project, and the PMU provided oversight for the GAP implementation throughout the project implementation.	Activity completed.
	15. Semiannual progress reports and newsletters reflect gender benefits of the project	During the project lifetime, the quarterly and annual project reports including GAP implementation were submitted to ADB. "Blue Pearl" newsletter on project activities (total of eight editions) were published and disseminated to the project *soum* residents and stakeholders. Each edition of the newsletter reported gender-specific benefits of the project.	Activity completed.
	16. Sex-disaggregated data on beneficiaries	Sex-disaggregated data were collected for monitoring, evaluation, and reporting of the GAP, and for the project quarterly and annual reporting purposes.	Activity completed.

CRF = community revolving fund, CSO = civil society organization, CWMT = community waste management team, GAP = gender action plan, KLNP = Khuvsgul Lake National Park, MET = Ministry of Environment and Tourism, O&M = operation and maintenance, PMU = project management unit.
Source: Asian Development Bank.

F. Evidence of Project Outcomes on Rural Women and Herder Groups

Testimonials of the select beneficiaries on the project practical gender benefits are summarized below.

Box 1: Women leaders are grateful for project outcomes

The most valued investment of the KLNP project was capacity building interventions. After the initial training and consultation for the establishment of the KLNP management council and tourism sub-council, tour operators and owners of camps realized the importance of working together to overcome the shared challenges. Thus, we are still working together to overcome pandemic related challenges. In addition, we noticed that variety and quality of dairy products and handcrafts advanced drastically after the project. Therefore, the impact of the project contributed to improving the livelihoods of the KLNP.

Mrs. Naranchimeg, Head of the KLNP tourism council on 23 December 2021, Khatgal Soum

Box 2: Herders' group working together to improve livelihoods

The project-supported local herders to establish a herders' group based on their vicinity. My wife established a herders' group together with neighbors and we developed a Pasture Management Plan after the training. In the first year that we implemented the Pasture Management Plan, we harvested more hay than in previous years. Thus, we realized it is important for herders to work together to improve pasture management instead of waiting soum governor to allocate pasture to each herder household. Also, the herders group members are supporting each other a lot. One good example is we appoint a member of the group to sell all our dairy products in provincial and soum trade fares, so we save travel expenses and increase sales of dairy products. In the last few years, the livelihood of all households of the herders' groups has improved and we all managed to build new houses.

Mr. Khunbish.N, a member of Unduriin herders' group soum on 20 December 2021, Khankh Soum

Box 3: Herders groups strengthened the community cohesion

With my seven neighboring households, we formed a herders' group for forest conservation, pasture management and income generation. During the project implementation, members of my herders' group attended training for dairy production, vegetable growing and silage making using locally growing hay, barley, and other plants. After the harsh and long spring of 2020, we decided to make our own silage this year. Together with my neighbors, we planted barley and hay in our winter pasture. Now we have enough hay and silage for spring. As a result of the project, the local community learned to work together, which was the key highlight of the project for me. Also, I got my first loan, 6 million tugriks, to buy moulds and equipment for dairy production. My second loan was for silage making. We are very grateful to the State Bank and Loan Revolving Fund Committee for flexible loan repayment for herders as we can make loan repayment on a quarterly basis.

Ms. Undarmaa. D, Head of Khukh Musun Herders' Group; 20 December 2021, Khankh Soum

Box 4: Challenges to implement pasture management plans

Members of Herders' group were enrolled in the training and research for pasture management actively. After a series of meetings and consultations, we developed a pasture management plan to protect our pastureland from further degradation. After preserving pastureland for two years, we noticed that the quality of pastureland improved drastically. For us, it was the first time we worked as a group and enjoyed the benefit. Unfortunately, neighboring bagh's herders are coming to our pastureland and we cannot ask them to leave as pastureland is public property. New soum and bagh governors are not supporting pastureland management; therefore, we could not implement pasture management in the last two years.

Mr. Purevsuren and Ms. Batkhishig, Head of Suun Dalai Herders' Group; 21 December 2021, Khankh Soum

Box 5. Supporting diverse household income generation opportunities

I took dairy production training in 2017 and learned the production of a variety of dairy products. Even I grew up in a herder family and had been producing dairy products since I was a little girl, I have learned a lot from the training. Thus, I got loans from CRF to buy equipment for packaging and production. My dairy products' business has been successful in the last few years, and I sell my dairy products from my home without any effort. Last few years, me and my husband learned that herders are buying silage a lot. My husband took the silage making training which was organized by the project and last spring I got my third loan from the CRF to plant barley and hay for silage. We did not expect to harvest this much barley and hay. Thank you for the project team sparking new knowledge and business among herders! Also, thank you CRF for supporting small businesses like us!

Ms. Naranchimeg; 18 December 2021, Alag-Erdene Soum

Box 6: Supporting start-up businesses

Before I got a loan from CRF, it was hard to work as I did not have enough sewing materials and machines. With my loan amount of MNT3 million, I purchased a sewing machine and a overlock machine, and sewing materials. Now I have all the materials that clients need for their orders. I am the only tailor in Khankh so I always have lots of orders. My daughters are helping me but still I need more support. Thus, I am opening my new workplace and training two girls as my assistant tailors. My daughters are going to pursue higher education soon. With my new workplace and employees, I am confident that I can support my daughters.

Ms. Tuul, tailor; 21 December 2021, Khankh Soum

Box 7: Support to women-led businesses

I got a loan from CRF three times. Each time, I expanded my business. I got my first loan for the maintenance of my tourist camp at ain Davaa. The second loan was for the renovation and extension of my shop in Khatgal soum center. I supported my daughter to study in Beijing and I also paid medical bills of my husband. Last year, my daughter graduated from her school and advised me to open a coffee shop with cakes and bubble teas. First, I was not sure about opening a coffee shop, but I got my third loan to open the coffee shop. Now I am thankful for my daughter for her forward-thinking and great business idea. My business also supports my daughter to open the coffee shop branch in Murun. We are grateful to CRF for supporting women business owners in remote communities!

Ms. J. Solongo, a business owner; 24 December 2021, Khatgal Town

G. Conclusion, Lessons Learned and Recommendations

12. The GAP was implemented successfully. The key achievements include: (i) stronger women participation in local decision-making through establishment of KLNP management council, tourism co-management council, and herders groups in target *soums;* (ii) increased women participation in livestock management through inclusive consultations and trainings for herders group; (iii) increased household income including women headed and vulnerable households because of capacity building trainings and CRF support; and (iv) supported to start-up and micro women-led businesses. The project interventions on gender mainstreaming such as supporting women-led businesses and empowering women leaders positively contributed to women's employment and leadership in the project area.

13. The provisions of capacity building measures, such as inputs of the PMU social and gender specialist and capacity building of the project counterpart staff, played an important role in the successful implementation of the GAP. It is recommended that future projects (i) replicate the successful experience of the GAP implementation; (ii) allocate more inputs of social and gender specialists for continued support on the GAP implementation and monitoring; and (iii) provide capacity building support to staff of the project executing/implementing agencies and other stakeholders to enhance their knowledge on the GAP.

STATUS OF COMPLIANCE WITH GRANT COVENANTS

Covenant	Reference in Grant Agreement	Status of Compliance
Social		
The Recipient shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP including progress toward achieving key gender outcome and output target, are regularly monitored and reported to ADB. Without limiting the generality of the foregoing, the Recipient shall exert its best endeavors to ensure that around 20 herder groups are established, of which adult women comprise at least 30% of adults; around 40% of Project beneficiaries are from disadvantaged households and that at least 40% of community-based tourism initiatives supported by the Project are led by women.	Schedule 4 para. 10	**Complied with**. The GAP was fully implemented and progress was reported to ADB on a quarterly basis.
Safeguards		
The Recipient shall, and shall cause the Project Executing Agency to, ensure that the Project does not have any environmental, indigenous peoples or involuntary resettlement impacts within the meaning of the SPS. In the event that the Project does not have such impact, the Recipient shall and shall cause the Project Executing Agency to take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and with the SPS	Schedule 4 para. 4	**Complied with**. The project complied with the EARF. It also did not involve any land acquisition, resettlement or impacts to indigenous peoples.
The Recipient shall cause the Project Executing Agency to ensure that the Project Implementing Agency establishes a safeguards grievance redress mechanism acceptable to ADB in accordance with the provisions on the EARF at the office of the project implementing unit, within the timeframes specified in the EARF, to consider safeguards complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all stakeholders at no cost and without retribution.	Schedule 4 para. 5	**Complied with**. A grievance redress mechanism was established and implemented throughout the project. One grievance was reported and resolved (Appendix 11).
Financials		
The Recipient shall cause the Project Management Unit identified in the PAM to, not later than 3 months after the effective date of the Grant Agreement, commence using the accounting software for the Project acceptable to ADB.	Schedule 4 para. 3	**Complied with**. The accounting software was endorsed by ADB and no disbursement was initiated until this grant covenant had been complied with.

Covenant	Reference in Grant Agreement	Status of Compliance
In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Grant Agreement.	Article IV, Section 4.01	**Complied with.** See supporting notes below for clauses in Schedule 4.
(a) The Recipient shall and shall cause the Project Executing Agency and Project Implementing Agency to (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of the Grant Agreement as well as on the use of the procedures for imprest account and statement of expenditures) and a Management Letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and Management Letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request. (b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. (c) The Recipient shall, and shall cause the Project Executing Agency and Project Implementing Agency to, enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's, Project Executing Agency's and Project Implementing Agency's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient unless the Recipient shall otherwise agree.	Article IV, Section 4.02	**Complied with**. All financial management for the project complied with the PAM and domestic requirements. Separate accounts and records were maintained. Annual financial statements were reviewed and endorsed by ADB. Financial management performance of the project was reviewed semiannually during receipt of the project semiannual progress reports and during annual review missions. A total of five annual external audits was conducted and all confirmed that the project was financially managed in accordance with ADB and domestic requirements. All audits were submitted to ADB, on time, and disclosed on ADB's website within 30 days of receipt. **Complied with.** As above.

Covenant	Reference in Grant Agreement	Status of Compliance
The Recipient shall, and shall cause the Project Executing Agency and Project Implementing Agency to, enable ADB's representatives to inspect the Project, the Goods, and any relevant records and documents.	Article IV, Section 4.03	**Complied with.** The project progress and procured services were reviewed by ADB during review missions and as part of information provided by the PMU during implementation.
The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for the JFPR. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from the Government of Japan, and (b) that ADB does not assume any obligations or responsibilities of JFPR in respect of the Project or the Grant other than those set out in this Grant Agreement.	Article IV, Section 4.04	**Complied with.** All grant covenants and the guidelines of the JFPR were complied with.
Condition for Withdrawals from Grant Account Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account until the Project Executing Agency has certified to ADB that the project management unit identified in the PAM has engaged a qualified accountant meeting the requirements set out in the PAM.	Schedule 2 para. 5	**Complied with**. A qualified accountant was recruited and was employed for the majority of the project duration. No withdrawals were made until the position had been recruited.
Others		
Procurement Contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.	Schedule 3 para. 8	**Complied with**.
Implementation Arrangements The Recipient shall and shall cause the Project Executing Agency to ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail. The Recipient shall cause MEGDT to include the Project in the annual workplan of its EFPD, to provide internal departmental oversight and support to the Project Executing Agency for project accounting and auditing.	Schedule 4 paras. 1–2	**Complied with.**
Environment The Recipient shall and shall cause the Project Executing Agency to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project	Schedule 4 paras. 6–7	**Complied with.** The project facilities were designed in accordance with national laws and regulations and each facility was subject to official inspection

Covenant	Reference in Grant Agreement	Status of Compliance
facilities comply with (a) all applicable laws and regulations of the Recipient relating to environment, health and safety; (b) the Environmental Safeguards; and (c) the EARF and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) which are subsequently agreed between ADB and the Recipient. In the event that MEGDT requires a General Environmental Impact Assessment (EIA) or Detailed EIA for any Project activities, the Recipient shall ensure that MEGDT, and not the Project grant or the Project team, will be responsible for the payment and specialist works required for the preparation and approval of these documents.		and endorsement. All project activities and facilities complied with the EARF. Safeguard monitoring complied with the EARF requirements and was reported in the semiannual progress reports to ADB. **Complied with.** No General EIA was required for this project, due to the small scope of facilities.
Prohibited List of Investments The Recipient shall and shall cause the Project Executing Agency to ensure that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.	Schedule 4 para. 8	**Complied with.**
Labor Standards, Health and Safety The Recipient shall and shall cause the Project Executing Agency to ensure that the Recipient's laws and regulations concerning labor standards, health and safety are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Recipient's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.	Schedule 4 para. 9	**Complied with.** Installation of the project-funded toilets and litter bins was conducted under procurement contracts which adhered with national and ADB labor standards and for workplace and community occupational health and safety.
Governance and Anticorruption The Recipient shall and shall cause the Project Executing Agency and the Project Implementing Agency to (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to	Schedule 4 paras. 11–13	**Complied with.**

Covenant	Reference in Grant Agreement	Status of Compliance
investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation. The Recipient shall and shall cause the Project Executing Agency and the Project Implementing Agency to ensure that anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project. The Recipient shall ensure that (a) the Project Executing Agency and the Project Implementing Agency comply with applicable laws and regulations of the Recipient on combating money laundering and financing of terrorism; and (b) Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism.		
Grant Refund If ADB determines that an amount of the Grant has been used in a manner inconsistent with the provisions of this Grant Agreement, the Recipient shall, upon notice by ADB to the Recipient, promptly refund such amount to ADB. Except as ADB may otherwise determine, ADB shall cancel all amounts refunded pursuant to this provision.	Schedule 4 para. 14	**Complied with.**
Particular Project Covenant The Recipient shall ensure that the Project Executing Agency and the Project Implementing Agency enforce laws and regulations of the Khuvsgul Lake National Park in support of Project activities, including, without limitation, all laws and regulations restricting tourist camping to delineated campsite areas. The Recipient shall ensure that the Project Executing Agency and Project Implementing Agency submit to ADB plans for the Project programs in (a) co-management for tourism, (b) community-led waste management program and (c) revolving loan funds for ADB's prior review and approval prior to implementing such programs. In addition, for each community revolving loan fund established under the Project, the Recipient shall ensure that the detailed rules, procedures and template agreements for the funds: are suitable for the needs of the community, pay due attention to	Schedule 4 paras. 15–16	**Complied with**.

Covenant	Reference in Grant Agreement	Status of Compliance
governance, transparency and long-term sustainability of the funds; support the diversification and enhancement of community incomes; comply with the EARF and GAP; require that no loan made with such funds is used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS or any activity that is inconsistent with the Khuvsgul Lake National Park Management Plan (2014) or relevant laws and regulations.		
The Recipient shall and shall cause the Project Executing Agency and Project Implementing Agency to comply with the Guidelines on Japan Visibility and Coordination with Local Embassy of Japan Officials of the JFPR Guidelines (a copy of which has been provided to the Recipient, the Executing Agency and the Implementing Agency); and in particular, shall include, and cause the Project Implementing Agency to include, a JFPR logo in all relevant Project publications and on any equipment, vehicles, project billboards or signage funded by the Grant and indicate, in all publications, training, programs, seminars and workshops under or concerning the Project that the activities in question have received funding from the Government of Japan.	Schedule 4 para. 17	**Complied with**. All project trainings, materials, equipment, reporting, and workshops displayed the donor logo and the donor funding was acknowledged in all events and reports. The Embassy of Japan was officially invited as an observer to all meetings of the project steering committee. Senior officials of the Embassy of Japan visited the project sites.
The Recipient shall ensure that all vehicles purchased for the Project are handed over to the Khuvsgul Lake National Park Administration not later than the Project Completion Date and are used for park management purposes.	Schedule 4 para. 18	**Complied with**. All project equipment including the project vehicle was handed over to the Executing Agency at project completion.

ADB = Asian Development Bank, EARF = environment assessment and review framework, EFPD = Economic, Financial and Planning Division, EIA = environmental impact assessment, GAP = gender action plan, JFPR = Japan Fund for Prosperous and Resilient Asia and the Pacific, MEGDT = Ministry of Environment, Green Development and Tourism, PAM = project administration manual, SPS = Safeguard Policy Statement.
Source: Asian Development Bank.

CONTRIBUTION TO STRATEGY 2030 OPERATIONAL PRIORITIES

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)[a]	Expected Value	Achieved Value	Expected and Implemented Method	Assessment
1.3	Poor and vulnerable people with improved standards of living (number)	136	398	Establishment of household-based tourism goods and services	**Achieved.** Under DMF indicator 1c, at least 120 households were to benefit from community-based tourism initiatives (i.e., goods and services) established with project support, of which at least 40 households (the expected value) were to be poor and vulnerable households. At completion, the achieved value was 347 households of which 117 were poor and vulnerable. The unit of measurement applied for the target was households. To convert the expected and achieved values to persons, a mean household size of 3.4 was applied (see para. 31 of main text). Measured by the PMU by recording all beneficiaries of the project trainings and CRF loan recipients (output 1). Source: domestic PCR.
1.3.2	New financial products and services made available to the poor and vulnerable (number)	5 CRF	6 CRF	Establishment of CRF	**Achieved.** Livelihood benefits for project beneficiaries including the poor and vulnerable were largely achieved by the establishment of six CRF (one per project district and town) established by the project. Five CRF were originally planned to be established, but for one district a total of two CRF were established, resulting in six CRF in total. Establishment of the CRF was a major initiative of the project and included lower interest rates and collateral requirements for poor and vulnerable households. Source: domestic PCR.
1.3.3	Measures for increased inclusiveness supported in implementation (number)	1	1	Establishment of a participatory management mechanism	**Achieved.** The project established and piloted the KLNP management council (including the tourism sub-council), the first inclusive mechanism to involve communities and the private sector (tour operators) in management of the KLNP. The expected and achieved value is measured based on the following references in the DMF: • Activity 1.1. Establish pilot tourism co-management group • Outcome indicator c. At least three time-based and/or quantitative targets to integrate livelihoods, tourism, and waste management are incorporated in the KLNP Management Plan. The council was established by official decree and included community and tour operator representatives. The KLNP management council met five times and the tourism sub-council met six times, respectively, during project implementation. Source: MET Resolution A/40 (6 February 2017) (establishment of council); and, domestic PCR.
2.1	Skilled jobs for women generated (number)	44	302	Establishment of women-led tourism goods and services	**Achieved.** Women-led jobs were generated from (i) new household-based initiatives established with CRF loans and training (output 1), (ii) new household-based initiatives for herding

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)[a]	Expected Value	Achieved Value	Expected and Implemented Method	Assessment
					households (principally dairy and meat processing) established with CRF loans and training (output 2), and (iii) establishment of CWMT (output 3). The term "initiatives" is used in the DMF and refers to household-based enterprises in tourism goods and/or services. The expected and achieved values were derived from the sum of gender-based targets under three DMF indicators: 1c, 2c, and 3b: • Indicator 1c. Target = 40 initiatives established of which at least 40% are led by women = 16 jobs for women. Actual = 267 initiatives of which 74% were led by women = 198. • Indicator 2c. Target = 70 initiatives established of which at least 40% are led by women = 28 jobs. Actual = 111 initiatives established of which 84% were led by women = 93. • Indicator 1c. Target = three community teams established of which at least 30% of members are women. Actual = 8 CWMT established of which 39% of members were women = 11. • Total expected target = 16 + 28 = 44 jobs generated for women. • Total achieved value = 198 + 93 + 11 = 302 jobs generated for women. These jobs are regarded as meeting the criterion of being *skilled* jobs as they were established based on extensive project trainings to the project communities in tourism goods and services and procedures for CRF loan applications and repayment. Source: project progress report July–December 2019; and domestic PCR.
2.1.3	Women-owned or -led SME loan accounts opened or women-owned or -led SME end borrowers reached (number)	44	291	Establishment of women-led tourism goods and services	**Achieved.** Women-led SMEs were generated from (i) new household-based initiatives established with CRF loans and training (output 1) and (ii) new household-based initiatives for herding households (principally dairy and meat processing) established with CRF loans and training (output 2). The term "initiatives" is used in the DMF and refers to household-based enterprises in tourism goods and/or services. The expected and actual values were derived from the sum of gender-based targets under DMF indicators 1c and 2c. Each initiative generated under these DMF indicators and which were led by women was counted as one woman-led SME: • Indicator 1c. Gender target = 40 initiatives established of which at least 40% are led by women = 16 jobs for women. Actual = 267 initiatives of which 74% were led by women = 198. • Indicator 2c. Gender target = 70 initiatives established of which at least 40% are led by

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)[a]	Expected Value	Achieved Value	Expected and Implemented Method	Assessment
					women = 28 jobs. Actual = 111 initiatives established of which 84% were led by women = 93. The measurement of this OP indicator is the same as for OP2.1 except for one DMF indicator (1c). Source: project progress report July–December 2019; and, domestic PCR.
2.3	Women represented in decision-making structures and processes (number)	43	156		**Achieved.** Three key decision-making structures were established by the project. Numeric gender target values were not identified in the DMF for these structures as they were to be developed during implementation, and the total number of persons to be included in each structure was unclear at appraisal. To accommodate this, the focus in the DMF was to ensure a minimum *proportion* of women representation (30%) in each structure. To convert these proportions to real numbers for this OP, the “expected” and “achieved” values were derived as follows. • Activity 1.1. Establish pilot tourism co-management group. Gender target: at least 30% of members are female. *Assumption applied to derive an actual number for this OP: one group established of 10 persons, of which 30% were women = 3 women.* Actual: KLNP management council established, comprising 21 members of which 8 (38.1%) were women; and the tourism sub-council was established with 14 members of which 10 (71.4%) were women. • Activity 1.4. Establish five community revolving funds. *Assumption applied to derive an actual number for this OP: each committee to comprise 5 members of which at least 2 were women = 10 women.* Actual: Six CRF were established; each was led by a CRF committee comprising seven members (community, *soum* government and KLNP administration representatives). Of the 42 members in total, 21 (50.0%) were women. • Activity 2.2. Establish herding groups. Gender target: at least 30% of members are female. *Assumption applied to derive an actual number for this OP: 10 herder groups established of 30 persons of which 30% are women = 30 women.* Actual: 28 herder groups established comprising 365 members of which 177 (48.5%) were women. Of the 28 herder groups, 11 (39.3%) were led by women. • Total expected value = 3+10+30 = 43 women. • Total achieved value = 8+10+21+117 = 156 women.

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)[a]	Expected Value	Achieved Value	Expected and Implemented Method	Assessment
					Overall the mean proportion of women representation in these three structures was 50.0% (range 38.1–71.4%). Source: project progress report July–December 2019; and, domestic PCR.
3.3.1	Pollution control enhancing infrastructure assets established or improved (number)	50 toilets and litter bins	100 toilets and litter bins	Design, install and pilot decentralized toilets and litter bins	**Achieved.** Under DMF indicator 3c, the target was "about 50 pilot waste management systems designed and installed." At completion, a total of 50 toilet and 50 litter bins (total 100) had been designed and installed i.e., the target was achieved at completion. Note: Although the numerical target was achieved, challenges for O&M of the toilet facilities were being experienced two years after completion (see Section II.D for discussion of O&M and sustainability for the toilet facilities). An additional achievement of the project – but which was not in the DMF – was the removal of 64 of 71 old (disused) pit latrines at 64 tour camps. Most were replaced with upgraded toilet systems including the designs prepared by the project. Source: domestic PCR.
3.3.2	Solutions to enhance pollution control and resource efficiency implemented (number)	3	3	Design and pilot (i) water quality monitoring program, (ii) community-based teams, and (iii) pilot toilets and litter bins	**Achieved.** Three approaches were designed and implemented under the project to support pollution control for Khuvsgul Lake and measured under the following DMF indicators. • Indicator 3a. Establish water quality monitoring program. Target: 1 program. Actual: 1 program, fully achieved; program still operating 18 months after completion. • Indicator 3b. Establish and train about three community-based to operate and maintain pilot waste management systems. Target: about three teams (about 45 members). Actual: 8 CWMT (28 members). • Indicator 3c. Design and install about 50 pilot waste management systems. Target: 50 systems. Actual: 50 toilets and 50 litter bins. Note: challenges for O&M of the toilet facilities CWMT were being experienced two years after completion (see Section II.D for discussion of O&M and sustainability for the CWMTs and toilet facilities).
3.3.4	Solutions to conserve, restore, and/or enhance terrestrial, coastal, and marine areas implemented (number)	8	8	Solutions to help strengthen KLNP management for tourism, unsustainable livestock grazing, and soil and water pollution	**Achieved.** At appraisal, eight solutions to strengthen management of the KLNP were included in the project design. Seven are included in specific DMF indicators and one is listed as a DMF activity. By completion, eight solutions were achieved. • *Solution 1.* Indicator 1a. Target: establish codes of conduct (to improve compliance of tour operators with park regulations) and which

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)[a]	Expected Value	Achieved Value	Expected and Implemented Method	Assessment
					are signed by at least 50% of guesthouse owners. Actual: achieved. Codes of conduct developed and signed by 104 stakeholders (65% tour camps). • *Solutions 2 and 3.* Indicator 2b. Target: about 400 households adopt sustainable herding practices. Actual: achieved. 536 households adopted sustainable herding practices through project-led establishment of 28 herder groups, 27 pasture management plans, and one consolidated pasture management plan covering 220,000 hectares. Note: the establishment of herder groups and pasture management plans are two separate solutions. Both achieved. • *Solution 4.* Indicator 3a: achieved. See entry for OP 3.3.2. • *Solution 5.* Indicator 3b: achieved. See entry for OP 3.3.2. • *Solution 6*. Indicator 3c: achieved. See entry for OP 3.3.1. • *Solution 7.* Indicator 3d. Target: review and recommendations for KLNP zoning submitted to MET. Actual: achieved. Review submitted on time with zoning recommendations based on stakeholder consultation and mapping of biodiversity values, to strengthen management for tourism, livelihoods and conservation. • *Solution 8.* Activity 1.1. Achieved. See entries for OP 1.3.3 and OP 2.3.
5.1	People benefiting from increased rural investment (number)	1,320	2,856	Number of households that benefitted from the CRF loans by completion	**Achieved.** Under DMF outcome target A, at least 330 households in the project area were to have benefitted from community-based tourism goods and services supported by the CRF. At completion, 714 households were deriving at least part of their incomes from tourism goods and services established with project support. The unit of measurement applied for the target was households. To convert the expected and achieved values to persons, a mean household size of 3.4 was applied (see para. 31 of main text). The achieved value of 2,856 persons is equivalent to about 46% of the total population in the KLNP in 2018 (about 6,124 people) and encompassed residents in five *soums*. This estimate of project beneficiaries is almost certainly an underestimate, for the following reasons: (i) some CRF loans supported small enterprises by individual households, but an unquantified number of loans also supported enterprises led by one household but involving – and therefore benefiting – several others, and (ii) a total of 2,637 residents received training under the project in a range of livelihood activities. All CRF loan recipients received training, but not all trainees received or applied for CRF loans – for the

OP No.	Corporate Results Framework Indicators (Outputs and Outcomes)[a]	Expected Value	Achieved Value	Expected and Implemented Method	Assessment
					latter it can be reasonably assumed that for at least some trainees, the trainings resulted in improved forms of income and livelihoods. Source: domestic PCR.
6.1	Entities with improved management functions and financial stability (number)	1	1	Provision of management solutions and support to KLNP administration	**Achieved.** At the impact level, the project was expected to have contributed to the improved management of natural resources in the KLNP. Under DMF outcome target *c*, at least three time-based and/or quantitative targets to integrate livelihoods, tourism, and waste management were to be incorporated in the KLNP Management Plan. By completion, the project had (i) provided four years of management guidance to the KLNP administration, and (ii) developed eight solutions to support the tasks of the KLNP administration (see OP 3.3.4). Source: domestic PCR.
6.2.4	Citizen engagement mechanisms adopted (number)	7	8	Design and implementation of key targets in the DMF.	**Achieved.** The project established eight mechanisms: KLNP management council, tourism sub-council, CRF, codes of conduct, herder groups (28), pasture management plans (27), CWMT (8) and water quality monitoring program. All mechanisms engaged citizens, CSOs, and local tour operators; and the water quality monitoring program also trained students (from the National University of Mongolia). Source: domestic PCR.

CRF = community revolving fund; CSO = civil society organization; CWMT = community waste management team; DMF = design and monitoring framework; KLNP = Khuvsgul Lake National Park; MET = Ministry of Environment and Tourism; OP = operational priority; PCR = project completion report; PMU = project management unit; SME = small and medium-sized enterprise.

[a] The project was processed under the former Corporate Results Framework of the Asian Development Bank. For the project completion report, the project was re-mapped against the operational priorities of Strategy 2030 based on the targets and indicators in the project design and monitoring framework.

Source: Asian Development Bank.

ECONOMIC AND FINANCIAL REEVALUATION

A. Introduction

1. Financial and economic reevaluation was undertaken at project completion to reassess the financial and economic viability of the project based on the actual expenditures incurred, and the benefits achieved and expected over the full project life of the project. This document summarizes the approach taken and results. The analysis was conducted in accordance with Asian Development Bank's (ADB) guidelines.[1] The project area was the Khuvsgul Lake National Park (KLNP) in Khuvsgul *Aimag* (province), northern Mongolia, and encompassed five *soums* (districts) and one town that the KLNP is located within. The project executing agency was the Ministry of Environment and Tourism (MET) acting through the Department of Protected Areas Management (DPAM), the implementing agency.

2. **Community revolving funds (CRF)**. The analysis undertaken at appraisal and this reevaluation focused on the largest component of the project: the establishment of six CRF. Design and piloting of the CRF accompanied by specialist support and vocational training in tourism goods and services was the principal mechanism by which most of the livelihood targets under outputs 1 and 2 were achieved. The rationale for establishment of the CRF resulted from a rapid increase in visitor numbers to the KLNP.[2] This had resulted in the need for more tourism goods and services, and preliminary community feedback prior to and during the project had confirmed high local interest to provide such services but constraints due to limited technical and financial capacity. The project provided the financing expertise, training, and initial capital for the first four years for communities to develop and manage the CRF, including the establishment of fund committees, operating procedures, and repayment terms and conditions. The CRF were established in 2017 and coordinated by the project management unit (PMU) until May 2019, then transferred to a national financial institution, the State Bank, under a tripartite agreement between MET, the State Bank, and Citizens Representative Khural (a government position representing local communities) in each *soum*. All procedures were reviewed and endorsed by MET and ADB.

3. The project design at appraisal was for five CRF (one per *soum*); during implementation, the planned CRF for one *soum* (Alag-Erdene) was split into two, to create a separate CRF for Khatgal Town. Upon handover to the State Bank, the six CRF were merged to a single CRF. Between May 2019 and February 2020, the PMU continued to provide oversight to the State Bank and CRF committees. A final assessment of CRF performance was prepared by a PMU microfinance specialist in February 2020.

4. A total of $760,000 was disbursed through the CRF: $520,000 between 2016 and 2019 (via the PMU to the accounts of each CRF committee) and $240,000 in May 2020 (via the PMU to the State Bank).[3] As of project completion on 31 December 2019, a total of 378 loans, for a total of Mongolian togrog (MNT) 2,147,175,688 (about $1,078,441) had been issued.[4] As of project closing on 30 June 2020: (i) a total of 515 loans (249 issued under the project and 266 issued by the State Bank after handover), for a total of MNT3,000,910,688 (about $1,507,253)

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[1] ADB. 2017. *Guidelines for the Economic Analysis of Projects,* Manila.

[2] Between 2010 and 2014 (prior to the project) visitor numbers to the KLNP rose from 11,000 to 60,000 (an increase of 445%) and by 2017 had risen to 89,000 (an increase of 709%), then remained relatively constant until 2020. Visitor numbers in 2020-2021 were low because of the coronavirus disease (COVID-19) pandemic but are expected to increase in late 2022 with the easing of domestic and international travel restrictions. Source: KLNP logbook records.

[3] A reallocation of project funds that increased the CRF by $240,000 was approved and implemented on 20 May 2020.

[4] Nergui, S. 2020. *Final Report. Community Managed Loan Revolving Fund's Operation and its Sustainability.* Ulaanbaatar.

had been issued;[5] and (ii) a total of 714 households in the KLNP and buffer zone derived at least part of their income from community initiatives established or expanded through these loans.

5. The principal and interest repayments continue to replenish the seed capital base of the CRF for future loans. By 30 June 2020, the seed capital had increased to 104.6% of the original (including the fourth tranche of funding) and by 31 December 2021, was at 101.5%. During the ADB project completion mission (8–10 December 2021), the MET and the State Bank confirmed that the CRF continues to be actively implemented by the State Bank, and regular financial reports are provided to the MET by the State Bank on the CRF performance. Further ADB support to provide new training in CRF management for the CRF signatories and communities (considering changes in institutional personnel since 2020) is being planned under a follow-up project, the L3787/3788 Sustainable Tourism Development Project.[6]

B. Financial Management and Financial Analysis

6. **Financial management.** A financial management assessment (FMA) of the executing and implementing agencies was conducted at appraisal. Staff of the MET's DPAM and Economic, Financial and Planning Division participated in the FMA. The FMA considered the capacity of the executing and implementing agencies, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. The overall pre-mitigation financial management risk was concluded to be moderate. A financial management action plan was prepared and included in the project administration manual. This required time-based actions to be achieved including (i) recruitment of a qualified account and procurement specialist within the PMU, to ensure compliance with ADB and domestic requirements for financial reporting, accounting and auditing; (ii) the use of project financial management software acceptable to ADB; (iii) training in ADB financial management requirements; and (iv) periodic review of the financial management action plan. The grant covenants included the requirement that no withdrawals could be made from the grant account until two of these actions—recruitment of a qualified accountant for the PMU and accounting software—had been complied with.

7. Compliance with the financial management action plan was monitored and reported in the project semiannual progress reports, review missions, and quarterly portfolio reviews facilitated by ADB's Mongolia Resident Mission and project team. All financial management actions and grant covenants were complied with. Both pre-withdrawal requirements were addressed soon after project effectiveness. During implementation, ADB provided financial oversight and training to the PMU and executing agency. The grant proceeds were disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time). Five annual external audits (covering the period 2016 to 2020) were conducted, and all confirmed that the project was financially managed in accordance with ADB and domestic requirements. Overall, the financial management assessment conducted at appraisal was accurate and the risk mitigation measures implemented – especially the recruitment of an accountant position and a procurement specialist – achieved a strong basis for the financial management of the project.

8. **Financial Analysis.** No estimate of project financial internal rate of return was prepared at appraisal. This is based on ADB procedural requirements, which do not require financial analysis for the preparation of grant-funded projects.

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[5] Ministry of Environment and Tourism. 2020. *Domestic Project Completion Report* (para. 101). Ulaanbaatar.

[6] ADB. Mongolia: Sustainable Tourism Development Project.

C. Economic Analysis

9. The economic analysis at appraisal was based on an assessment of six representative businesses and activities: home-based handicrafts, tour camps, *ger* (traditional Mongolian tent) camps, retail shops, carpentry, and vegetable production. These businesses, anticipated investments and revenue impacts were selected based on existing activities and stakeholder meetings in the project area during the project preparation and are summarized in Table A10.1. A hypothetical loan portfolio of the CRF was analyzed based on the anticipated total amount of funds and representative business types to be supported by the funds. The cost–benefit analysis projected that the aggregate investments under the project would result in an economic internal rate of return of 16.3%.

Table A10.1: Hypothetical Business Types, Estimated Loans and Assumed Impacts Prepared at Project Appraisal for the Economic Analysis

Handicrafts 25 loans x MNT5 million	Investment cost is assumed to be spent on sewing and stitching machines, and other smaller equipment, and raw materials such as high-quality leather and wool felt, and others including consultants and training. The investment will enable the business to increase the revenue by 90%, which will result from production volume increase due to improved efficiency with the new equipment, and from value addition due to improved quality and design thanks to the consultants and training by the project
Tourist camps 6 loans x MNT25 million	Investment cost is assumed to be spent on purchase of equipment dedicated to expand their service range; but not necessarily to increase their bed-night capacity except for few cases where they intend to complete building of cabins that they already started some years ago. Examples of investment in equipment include purchase of boats, kayaks, saddles for horseback riding and satellite TV antenna. Some portion of investment costs will also be spent on purchase of raw materials such as replacement cover of their gers, and vegetables to be consumed during the peak season. The investment will enable the business to increase the revenue by 25%, which will come mainly from fees to be charged for a wider range of services offered.
Ger camps 8 loans x MNT9 million	Investment cost is assumed to be spent on purchase of new gers, landscaping and other improvements (fencing, shower, kitchen, etc) in their camp area, and on purchase of raw materials such as wholesale purchase of vegetables to be consumed during the peak season, and others including consultants and training. The investment will enable the business to increase the revenue by 96%, which will come mainly from a larger number of guests due to increased bed-night capacity, and some increases in value addition due to attractive campgrounds and comfortable accommodation.
Retail shops 4 loans x MNT24 million	Investment cost is assumed to be spent on expansion of sales area by renovating currently vacant retail spaces. In the renovated spaces, shop owners aim to sell items that are traditionally not sold in their local areas. An example is sale of building materials. The investment will enable the business to increase the revenue by 37%, which will come mainly from increases in sales volume due to larger retail spaces and wider product offerings.
Carpentry 12 loans x MNT25 million	Investment cost is assumed to be spent on purchase of planer, jointer, panel saw, scroll saw, and on raw materials such as wood (carpenters dry woods to be used for their products by keeping them in open air for 1-2 years) and others including consultants and training. The investment will enable the business to increase the revenue by 113%, which will come mainly from increases in production level as the newly purchased equipment will increase efficiency and enable the carpenters to sell their product at non-Khuvsgul markets.
Vegetable growers	Investment cost is assumed to be spent on building of greenhouses, and on raw materials such as purchase of seeds, shovels and others including consultants and training. The investment will enable the business to create sales of about MNT15 million in places where vegetable growing is currently virtually non-existent. Locally grown vegetables will replace vegetables currently being imported from Murun and/or

12 loans x MNT15 million	Ulaanbaatar, some of which in turn are being imported from the People's Republic of China.

MNT = Mongolian togrog.
Source: ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project.* Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2). Manila.

10. The economic analysis at completion adopted an approach consistent with that used during appraisal, but applied the *actual* expenditures incurred and the actual loans implemented through the community revolving funds, including the fourth tranche of funding made after project completion (para. 4) and loans issued between 1 January 2020 (i.e., after completion) until 31 December 2021. The analysis applied the same parameters as were used for the earlier analysis: (i) the revenue impacts vary by business type, ranging from 7 to 20 years, which is the assumed economic life of the fixed capital invested; (ii) economic benefits and costs are valued in domestic price numeraire and expressed in MNT; (iii) taxes, duties, and price contingencies are excluded from the economic cost; (iv) the economic opportunity cost of capital is assumed to be 12% per annum; (v) a shadow exchange rate factor of 1.02 is used to convert financial prices of traded goods to economic prices;[7] and (vi) 1.00 is the shadow wage rate factor for skilled labor and 0.70 for unskilled labor.

11. The economic benefit and cost flows were estimated for with- and without-project situations, and projected over a timeframe of 20 years. The economic cost comprises the actual investment expenditures (civil works, equipment, materials, training, and consultancy); and operation and maintenance (O&M) cost (materials, labor, utility, and maintenance). The economic benefit is based on increased incremental outputs of the businesses receiving loans and technical support, valued at economic prices, and converted using the conversion factors outlined above. As there were few other investments or technical support in the KLNP at the time of project implementation, and the baseline status for most targets in the project design and monitoring framework was zero, these incremental increases are attributed to the impact of the CRF investments. Demonstrative examples (non-quantitative) of the project impacts to beneficiaries are provided in Appendix 7.

12. **Post-project impact of the coronavirus disease (COVID-19) pandemic.** The uptake of loans from the CRF continued in 2020 despite the COVID-19 pandemic. At least three factors contributed to this: (i) the rapid closure of international borders by the government in early 2020, which enabled domestic tourism to continue for most of 2020 including to the KLNP; (ii) the high proportion of domestic (compared with international) visitors to the KLNP;[8] and (iii) continuing sale of goods produced by the CRF recipients to other local communities, including food, leather and dairy products. Conditions changed in 2021 due to the spread of COVID-19 in Mongolia and subsequent national as well as international lockdowns, which resulted in a halt to most tourism.

13. The analysis at appraisal had indicated that the CRF could support a cumulative total of 67 loans with a value of MNT979 million (equivalent to about $515,000) during the project period. As of project completion on 31 December 2019, a total of 378 loans with a value of MNT2,147 million had been disbursed from the CRF (Table A10.2). This difference is due to (i) conservative appraisal assumptions relating to loan repayments, (ii) more rapid uptake and turnover of loans

[7] Shadow exchange rate value applied based on guidance from ADB's Economic Research and Regional Cooperation Department in March 2022.
[8] Analysis of unpublished KLNP Visitor Logbooks highlights the large proportion of domestic visitors. In 2017, the KLNP received around 89,000 visitors of which about 75,650 (85%) were domestic. Source: KLNP Visitor Logbooks.

in years 3 and 4, and (iii) the difference in USD-MNT exchange rate over the project period. Although the CRF performance has demonstrated a higher than anticipated uptake and turnover of loans, this analysis did not test new assumptions for incremental costs and benefits for future years under the CRF, in order to maintain a consistent base for comparison with the appraisal estimates.

Table A10.2: Community Revolving Fund Portfolio, 2016 to 2019

		2016	2017	2018	2019	Total
At appraisal[a]	Number of loans	0	21	25	26	71
	Total loan amount (MNT million)	0	282	334	343	959
At completion[b]	Number of loans	0	41	185	152	378
	Total loan amount (MNT million)	0	161	1,020	966	2,147

MNT = Mongolian togrog, PCR = project completion report, RRP = report and recommendation of the President.
[a] ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Mongolia for Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project*. Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2). Manila.
[b] Nergui, S. 2020. *Final Report. Community Managed Loan Revolving Fund's Operation and its Sustainability*. Ulaanbaatar.
Source: Asian Development Bank.

14. The economic internal rate of return at completion (31 December 2019) was calculated to be 12.2%, which was lower than the appraisal estimate of 16.3%. The difference is due to minor delays in establishing the CRF (including appropriate governance arrangements and training) that led to a delayed uptake of CRF loans and associated benefits. Once operational, the uptake of loans from the CRF was higher than anticipated, due to strong community demand for loans. In May 2020 (i.e., after completion, and prior to project closing in June 2020), an additional allocation of \$0.24 million to the CRF was made based on the MET's request (para. 4). The economic internal rate of return as of 31 December 2021 (Table A10.3) was calculated to be 19.9%, which reflected the continued high uptake and turnover of loans. Sensitivity analysis confirmed the robustness of these results to variation from the projected revenues and O&M costs (Table A10.4).

15. Substantial additional economic benefits of the project comprise the long-term protection of ecosystem services at the KLNP due to improved environmental management, especially pollution and pasture management and improved protection of the water quality of Khuvsgul Lake for local and downstream residents. These benefits are difficult to quantify, and therefore were not quantified at appraisal or for the project completion analyses, but will support the natural resources upon which livelihoods are based, as well as economic opportunities from tourism and income diversification from traditional herding activities.

Table A10.3: Economic Cost–Benefit Flow as of 31 December 2021
(MNT '000)

Year	Cost			Benefit							Net Benefit
	Invest-ment	O & M	Total	Handi-craft	Tourist camp	*Ger* camp	Retail shop	Carpentry	Vegetable production	Total	
1	470,152	0	470,152	0	0	0	0	0	0	0	-470,152
2	915,237	152,347	1,067,584	21,540	31,053	14,261	43,736	60,609	53,478	224,676	-842,908
3	989,791	679,059	1,668,850	142,831	205,913	108,073	290,012	401,897	354,615	1,503,340	-165,510
4	1,068,413	544,991	1,613,404	150,370	216,782	142,222	305,320	423,111	373,333	1,611,140	-2,265
5	675,190	760,119	1,435,309	209,727	302,354	198,363	425,841	590,129	520,702	2,247,116	811,807
6	0	340,619	340,619	93,981	135,489	88,889	190,825	264,444	233,333	1,006,962	666,343
7	0	259,364	259,364	72,500	104,520	57,600	147,208	204,000	180,000	765,828	506,464
8	0	247,989	247,989	N/A	104,520	57,600	147,208	204,000	180,000	693,328	445,339
9	0	247,989	247,989	N/A	104,520	57,600	147,208	204,000	180,000	693,328	445,339
10	0	247,989	247,989	N/A	104,520	57,600	147,208	204,000	180,000	693,328	445,339
11	0	225,415	225,415	N/A	104,520	57,600	147,208	N/A	180,000	489,328	263,913
12	0	225,415	225,415	N/A	104,520	57,600	147,208	N/A	180,000	489,328	263,913
13	0	137,125	137,125	N/A	104,520	57,600	147,208	N/A	N/A	309,328	172,203
14	0	137,125	137,125	N/A	104,520	57,600	147,208	N/A	N/A	309,328	172,203
15	0	137,125	137,125	N/A	104,520	57,600	147,208	N/A	N/A	309,328	172,203
16	0	30,671	30,671	N/A	104,520	N/A	N/A	N/A	N/A	104,520	73,849
17	0	30,671	30,671	N/A	104,520	N/A	N/A	N/A	N/A	104,520	73,849
18	0	30,671	30,671	N/A	104,520	N/A	N/A	N/A	N/A	104,520	73,849
19	0	30,671	30,671	N/A	104,520	N/A	N/A	N/A	N/A	104,520	73,849
20	0	30,671	30,671	N/A	104,520	N/A	N/A	N/A	N/A	104,520	73,849
ENPV	2,916,030	**2,169,173**	5,085,203	413,813	900,278	491,757	1,171,021	1,386,023	1,320,908	5,683,799	598,595
EIRR											19.97%

EIRR = economic internal rate of return, ENPV = economic net present value, MNT = Mongolian togrog, N/A = not applicable, O&M = operation and maintenance.
Source: Asian Development Bank.

Table A10.4: Economic Viability and Sensitivity Analysis

	EIRR			Switching Value[a]	
	Base Case	10% decrease in revenues	10% increase in O&M cost	Decrease in revenues	Increase in O&M cost
At project appraisal	16.3%	11.7%	14.8%	9.3%	27.3%
At project completion	19.9%	12.4%	17.0%	10.5%	27.5%

EIRR = economic internal rate of return, O&M = operation and maintenance.
[a] Switching values refer to the EIRR threshold of 12%, as per appraisal analysis.
Source: Asian Development Bank.

ENVIRONMENTAL MANAGEMENT

1. **Environmental safeguard categorization and requirements.** The project was classified category C for environment safeguards under the Safeguard Policy Statement (SPS, 2009) of the Asian Development Bank (ADB). In accordance with SPS requirements an environment assessment and review framework (EARF)[1] was prepared. The EARF comprised: (i) a summary of the project impact, outcome and outputs; (ii) the domestic institutional and regulatory framework for environment safeguards and ADB requirements under the SPS; (iii) anticipated environmental impacts of the project; (iv) steps for screening and safeguard measures for works; (v) requirements for consultation and information disclosure; (vi) a project grievance redress mechanism; (vii) institutional arrangements to implement the EARF; (viii) monitoring and reporting requirements; (ix) a simplified environment management plan (EMP); (x) environmental safeguard clauses for civil works contracts; and (xi) an environmental site inspection checklist. The EARF was prepared in 2015 by the ADB project officer (environment specialist) in consultation with the Ministry of Environment and Tourism (MET; the executing agency), Khuvsgul Lake National Park (KLNP) administration, and ADB peer support.

2. **Institutional arrangements.** The EARF was applied throughout implementation, to all project activities as relevant. The majority of project activities comprised nonstructural activities with low safeguard risks. The only civil works were the construction of 50 toilets and the installation of litter bins and small visitor signs. The EARF was focused on these activities. Implementation of the EARF was managed by the project management unit (PMU) and project implementation unit (PIU), which comprised national administrative and technical consultant positions that worked on behalf of the MET to manage the project. Specifically, the EARF was managed by three positions, the project coordinator, implementation and monitoring specialist, and field coordinator. The recruitment of an environment safeguard position to manage the EARF was not justified considering the limited project works, low safeguard risks, and the straightforward content of the EARF. The three positions assigned to manage the EARF were full-time for almost the entire project duration and this ensured consistent implementation of the EARF. These positions conducted regular visits to the project sites. All PMU and PIU positions (including the positions in social and gender support, ecotourism, pasture management, and waste management) were required to be familiar with the EARF and to conduct informal site inspections during field work and report any observations. The PIU positions were located in Khuvsgul *Aimag* (province) close to the KLNP and this enabled regular visits to the project sites. Overall, these arrangements were satisfactory and achieved effective implementation of the EARF.

3. **Project location within a protected area.** The KLNP is a national-level protected area and supports globally significant biodiversity and wilderness values and Mongolia's largest source of freshwater, Khuvsgul Lake. As a protected area, the project designs were required to comply with Mongolia's Law on Special Protected Areas (1996; amended in 2004), which limits the scope of development activities in protected areas; and ADB's SPS, which requires projects in protected areas to promote and enhance conservation objectives and avoid or compensate for any impacts to critical and natural habitats.[2] The project complied with these requirements: (i) activities were

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[1] ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Mongolia for Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project*. Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2). Manila.

[2] SPS policy principal 8(iii), page 16: "If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately

directly aligned with the KLNP Management Plan, which specifies the need for improved tourism management and actions which help address sanitation, solid waste management, community livelihoods, and protection of habitats, (ii) in compliance with legal zoning requirements, activities were only located in the multiple-use and buffer zones of the KLNP and no works were located in the strict protection zone, (iii) the project components on improved stakeholder consultation for park management, codes of conduct, pasture management, water quality monitoring program, and recommendations to strengthen the internal zoning of the KLNP (see Section I.B) directly supported ADB's SPS requirements for projects to help enhance the management of protected areas, and (iv) all toilet units were designed as dry (non-flushing) units to minimize the generation of wastewater; and were decentralized, stand-alone units to avoid the need for construction of pipelines and other large wastewater infrastructure. The toilets were also situated on shallow concrete bases, to minimize excavation and the risk of impacting the subsurface permafrost layer.[3] These design measures achieved added value for the KLNP and provided a framework of risk avoidance which complemented the safeguard measures under the EARF.

4. **Implementation of EARF.** Under the EARF, screening and exclusion criteria were applied to project activities including the proposed locations for toilet units, litter bins and signs. These criteria required the exclusion of any major works in the project, any works within 200 meters of Khuvsgul Lake, and any activities which might impact the park's ecological or cultural values. Involuntary resettlement and land acquisition were also excluded from the project (Section I.I). The simplified EMP was included in the tenders advertised for the toilets, litter bins and signs, and in the contracts of the contractors recruited for this work. All works were overseen by the KLNP administration and monitored by the PIU. The works complied with the EMP and no adverse environmental impacts occurred.

5. **Safeguard screening for community revolving funds (CRF).** Safeguard screening criteria were also applied to six CRF (one per project *soum* [district] and town) piloted under output one of the project (Section I.B). The CRF provided microfinancing for residents in the KLNP to support local livelihoods and the maximum loan size was MNT15 million (about $6,000). Given the small size of loans the risk of safeguard impacts from CRF operation was considered to be low. As a further precautionary approach, safeguard exclusion criteria and a screening checklist were included in the operational guidelines for the CRF. These criteria excluded any activities which (i) did not comply with national laws and regulations for protected areas and ADB's Prohibited Investment Activity List (SPS, 2009), (ii) involved the construction of new residential or tourism structures, (iii) involved resettlement, land acquisition, and/or potential impacts on indigenous peoples, and (iv) involved goat husbandry and/or cashmere production (given the higher impacts of grazing by goats on native vegetation compared with other livestock). Screening was conducted by six CRF committees (which comprised representatives from the KLNP administration, *soum* government and communities) with oversight from the PMU. Loan applications approved by the CRF committees were reviewed by the PMU to ensure compliance with CRF operational procedures including for safeguards. The ADB project team reviewed batches of loans and conducted intermittent checks of individual loan applications. A total of 378 loans were issued by completion and these largely comprised household-level activities in vegetable growing, dairy and meat processing, and honey production. The loans complied with the safeguard screening criteria and EARF.

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mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources." ADB. 2009. Safeguard Policy Statement. Manila.

[3] Khuvsgul Lake is surrounded by permafrost, a subsurface layer of frozen soil. Permafrost contributes to the maintenance of soil moisture, vegetation condition, and climate regulation. Avoiding damage and exposure of permafrost is important to retain these values.

6. At project completion, the CRF were transferred to a national financial institution (the State Bank) for continued operation after the project. Handover was regulated through signed tripartite agreements between the MET, State Bank and *soum* government representatives. The CRF operational procedures including the safeguard screening and exclusion criteria were included in these agreements. As of February 2022 (26 months after completion) the CRF remained fully operational. Progress reports on CRF performance are provided by the State Bank to the MET. During the ADB project completion mission (8–10 December 2021), the MET clarified that this reporting focuses on the status of loan applications and repayments and does not include safeguard reporting, but that the need for the CRF to comply with national laws and regulations for protected areas and the KLNP Management Plan is a key requirement.

7. **Grievance Redress Mechanism (GRM).** The PMU implementation and monitoring specialist, working under the supervision of the project coordinator, was responsible for GRM coordination. Focal points for the GRM were assigned within the KLNP administration (park director and tourism officer) and the five *soum* (district) governments involved in the project (one officer per *soum*). The PMU trained the focal points and all PMU and PIU positions in the GRM procedures. Changes in leadership of the KLNP administration and *soum* governments occurred several times during project implementation, and on each occasion the PMU trained the new personnel in the GRM procedures. One grievance was received during the project. This was from a resident in Khankh *Soum* who applied for a loan in 2018 under the CRF and was dissatisfied with the CRF committee's assessment to reject the application. The grievance was resolved in meetings with the resident by the *soum* government, KLNP administration and PMU, in which the resident was encouraged to revise and resubmit the application. The resident acknowledged the reasons for the committee's decision but did not resubmit the application.

8. **Monitoring and reporting.** In accordance with the EARF, no detailed or quantitative environmental monitoring was required. During installation of the toilets, site inspections were made by the KLNP administration officers and PMU and PIU team members. The works complied with the EARF and EMP and no non-compliance was observed. Prior to becoming operational, the toilets, litter bins and signs were inspected and approved by Mongolia's General Agency for Specialized Inspection (acting through provincial inspectors of the Khuvsgul *Aimag* Local Agency for Specialized Inspection). Implementation progress for the EARF was documented in semiannual project progress reports prepared by the PMU and submitted to ADB. Eight semiannual reports (covering the period March 2016 to December 2019) and a domestic project completion report (August 2020) were prepared. All reports were disclosed on ADB's website.[4]

9. **Conclusions and lessons learned.** The ADB environmental safeguard requirements applied for the project were appropriate to the level of environmental risk assessed at appraisal and were complied with. The EARF was prepared as a user-friendly document suitable for practical use by non-safeguard specialists and this was effective. The project activities supported the objectives of the KLNP Management Plan and complied with Mongolia's Law on Special Protected Areas and ADB's SPS for works in protected areas. The role of the PMU and PIU was essential for providing safeguard oversight during implementation.

10. For the CRF, the level of safeguard screening applied during project implementation is likely no longer being applied, due to the transfer of the CRF to a financial institution, length of time since project handover (over 2 years) and institutional and personnel changes in this time. Nonetheless, there is a reasonably high level of confidence that the CRF will continue to be

[4] The project reports are available here: 48216-001: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project | Asian Development Bank (adb.org).

operated in accordance with most of the project safeguard screening criteria. This is based on three considerations: (i) MET continues to maintain oversight of the CRF and its operation by the State Bank, (ii) the domestic legal and regulatory framework for national protected areas, which regulate the extent of human activity and which the CRF must comply with, and (iii) new ADB support for the KLNP. Under a new lending project, the Sustainable Development Project (2019–2025), the components implemented under the grant project including the CRF and toilet operation and maintenance are being reviewed to help strengthen performance.[5] This will include new training in CRF and toilet operation and maintenance procedures for project stakeholders, especially new management personnel in the MET, KLNP administration, *soum* governments and communities which were not involved with these facilities during project implementation.

[5] ADB. Mongolia: Sustainable Tourism Development Project.

KNOWLEDGE DISSEMINATION

1. This appendix summarizes knowledge and media materials and events prepared under the project between 2016 and 2021 (Table A12.1). Most project materials are available on the Asian Development Bank (ADB) project website: 48216-001: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project | Asian Development Bank (adb.org). Additional weblinks are provided in Table A12.1. All materials and events were prepared with donor support from, and feature the logos of, the Japan Fund for Prosperous and Resilient Asia and the Pacific of the Government of Japan.

Table A12.1: Project Knowledge and Media Materials and Events, 2016 to 2021
(Listed in chronological order)

Category	Title and Weblink	Year
ADB materials[a]		
Media release	Grants Signed to Promote Khuvsgul Tourism, School Dormitories, Affordable Housing | Asian Development Bank (adb.org)	2016
Media release	ADB Starts Second Eco-Tourism Project for Mongolia's National Parks | Asian Development Bank	2019
Social media – ADB Facebook	Building Sustainable Tourism in Khuvsgul Lake National Park (feature on livelihoods). Asian Development Bank | Facebook	2019
Social media – ADB Facebook, Twitter	Climate-Friendly Eco-Toilets in Mongolia's National Parks (feature on toilets for World Toilet Day). Asian Development Bank | Facebook	2019
Social media – MNRM, JFPR Facebook	News on project closing workshop https://www.facebook.com/ADBMongolia/posts/2387727447963674 https://www.facebook.com/ADBMongolia/posts/2413416352061450	2019
Blog	Blue Skies and Green Steppe – Developing Sustainable Tourism in Mongolia (adb.org)	2019
Technical Report	Building the Climate Change Resilience of Mongolia's Blue Pearl: The Case Study of Khuvsgul Lake National Park | Asian Development Bank (adb.org)	2020
Video	ADB Promotes Community-Based Ecotourism in Mongolia | Asian Development Bank	2020
Infographic	Integrated Livelihoods Improvement and Sustainable Tourism in Khuvskul Lake National Park | Asian Development Bank (adb.org)	2020
Infographic – in JFPR Annual Report 2019	Mongolia: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project (G9183) (page 14) Japan Fund for Poverty Reduction Annual Report 2019 (adb.org)	2020
Featured project – in ADB Annual Report 2019	Poverty Reduction Through Ecotourism (page 26) ADB Annual Report 2019	2020
Event	Asian Think Tank Development Forum 2021. Presentation on ADB Support for Sustainable Tourism in Mongolia – Country Case Study Development Forum 2021 | ATTN (adb.org)	2021
Event	Presentation to MET – Building the Climate Change Resilience of Mongolia's Blue Pearl	2021
Event	SDCC Resilience Learning Month. Presentation to ADB departments – Building the Climate Change Resilience of Mongolia's Blue Pearl	2021
Featured project – in JFPR User Guide	Included in ADB's draft JFPR User Guide (under preparation) for best-practice examples in processing and/or implementing a JFPR project	2022
Project materials[b]		
Facebook site	Project Facebook site (Mongolian language) Khuvsgul Lake National Park Project - Posts | Facebook	2016–2019

Category	Title and Weblink	Year
Newsletter	Blue Pearl project newsletter (Mongolian language); eight issues (1,000–3,000 hard copies per edition) circulated to government, development agencies, CSOs, project communities Khuvsgul Lake National Park Project - Posts | Facebook	2017–2019
Training materials	Manuals, handbooks and fact sheets: CRF guidelines, livestock health, horse husbandry and trekking, pasture management, common pasture plants, toilet designs, biodiversity of KLNP, bee keeping, vegetable growing	2016–2019
Technical reports	Consultant reports on CRF, water quality monitoring, waste management, livelihoods, and tourism training 48216-001: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park Project | Asian Development Bank (adb.org)	2016–2019
Video	Short videos (>20) on project activities made by PMU and circulated on project Facebook page: https://www.facebook.com/1401079016593841/videos/ All weblinks available in the project semiannual progress reports on ADB website	2016–2019
Handbook	Handbook on project toilet designs – 1,760 copies printed and disseminated to all Special Protected Areas, tour camps and MET	2017
Event	Project stand at MET Open Day (Ulaanbaatar)	2017
Event	Project stand at Khuvsgul Tourism Forum (Murun)	2017
Video	Interview with PMU coordinator on national television (TV-C1, TV channel, TV 5)	2018
Poster	Summary of project activities. Posted on project Facebook site	2018
Event	Project open day (21–26 March). Public information sessions, held in five project *soums* (districts) and Khatgal Town. Attended by 344 people	2018
Event	Project presentation at International Travel Mart 2018 (Ulaanbaatar) – toilet designs	2018
Event	Project stand and presentations – at International Donor Projects and Organizations in Khuvsgul Aimag Day and Annual Fall Exhibition of Khuvsgul Aimag. Project information provided to 450 people	2018
Event	Project stand on toilet designs – National Forum on Waste Management "Transition and Solutions to Waste-Free Economy"	2019

ADB = Asian Development Bank, CRF = community revolving funds, CSO = civil society organization, JFPR = Japan Fund for Prosperous and Resilient Asia and the Pacific, KLNP = Khuvsgul Lake National Park, MET = Ministry of Environment and Tourism, MNRM = Mongolia Resident Mission, PMU = project management unit, SDCC = Sustainable Development and Climate Change Department.

[a] Prepared by ADB staff. Disseminated through ADB website and social media.

[b] Prepared by the PMU and consultants. Disseminated through project Facebook site, ADB website (for the technical reports) and/or as hard copies circulated to project stakeholders.

Source: Asian Development Bank.

2. **Media materials released by other agencies.** During project implementation, media releases and other materials about the project were prepared by other national and international agencies. These contributed to public awareness of the project. Most were prepared in consultation with the executing agency and/or project management unit (PMU), but were not written or released by ADB, Ministry of Environment and Tourism or the PMU and did not require the final endorsement of ADB. Examples are in Table A12.2; this list is not exhaustive.

Table A12.2: Sample Media Materials of the Project Issued by External Agencies, 2016 to 2021
(Listed in chronological order)

Category	Topic and Weblink	Year
Media release – online national newspapers	News about ADB annual review mission (2017): • http://www.news.mn/r/330868 News article: Mongolia to receive a million tourists Update on water quality monitoring program (2017): • http://www.news.mn/r/329856 Update on CRF (2017): • http://www.mne.mn/mn/news/show/3649 Tourism codes of conduct (2017): • http://www.mne.mn/mn/news/show/3873 • Video: Let’s travel ethically! (*Zindaa.mn*) • Let's travel ethically! • Video: Let's travel ethically (Sorgog.mn) • Video: Хөвсгөл нууранд жилд 60 мянган жуулчин зочилдог Closing workshop (2019): • News article: ADB starts second Eco-Tourism Project for Mongolia's National Parks • News article: “Sustainable Tourism Development” $38 million USD projects and programs • News article: Н.Цэрэнбат: Хөвсгөл аймагт тогтвортой аялал жуулчлалыг хөгжүүлэх 19 сая ам.долларын төсөл хэрэгжүүлн • News article: Sustainable tourism development project closed at Lake Hövsgöl National Park Launch of water quality monitoring laboratory (2019): • News article: Lake Hövsgöl Water Quality Control Laboratory Opened • News article: Хөвсгөл нуурын усны чанарын хяналтын лабораторитой боллоо	2016–2019
Media release – national television channels	• Updates on project activities (2017) – Murun TV, TV5, Channel 5 • Project activities, trainings, snow festival (2018) – Murun TV, MN25, • Closing workshop (2019) – C1 TV, MM TV, Khuvsgul TV, Tumnii TV	2017–2019
Video – international television channel	UBS TV (one of Mongolia’s biggest broadcasting companies) with sponsorship from Miyakonojo City in Miyazaki Prefecture, Japan, featured and aired nationwide a feature on the project. Prepared in Japanese and aired in Mongolia with subtitles. This was a promotional video on how Japanese overseas development assistance is efficiently disbursed for livelihood improvement in the KLNP.	2019
National Forum	National forum on Khuvsgul Lake National Park arranged by Mongolia’s Office of President and MET. The forum acknowledged the outputs of the grant project and the need to maintain and expand upon them. The project achievements for sanitation components, water quality monitoring program, and recommendations for climate change adaptation (see “Technical Report; Table 10.1) were mentioned.	2022

Category	Topic and Weblink	Year
	• News article: Protection of Khuvsgul Lake will serve as a part of Mongolia’s contributions to reducing climate change • News article: Protection of Khuvsgul Lake will serve as a part of Mongolia’s contributions to reducing climate change • https://montsame.mn/mn/read/290738 • News article: Ban imposed on camps near Khuvsgul Lake (news\.mn) • News article: Хөвсгөл нуурыг хамгаалах үндэсний чуулган болно	

ADB = Asian Development Bank, CRF = community revolving fund, JFPR = Japan Fund for Prosperous and Resilient Asia and the Pacific, KLNP = Khuvsgul Lake National Park, MET = Ministry of Environment and Tourism, TV = television.
Source: Asian Development Bank.