



CIRCULAR ECONOMY ASSESSMENT IN THE TOURISM SECTOR OF MONGOLIA



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Project: “Develop capacities on circular economy for micro, small, and medium-sized enterprises in Mongolia” project

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LIST OF ABBREVIATION

ADB	Asian Development Bank
CAREC	Central Asia Regional Economic Cooperation
CE	Circular Economy
CSO	Civil Society Organizations
IRIM	Independent Research Institute of Mongolia
MCUD	Ministry of Construction and Urban Development
MECC	Ministry of Environment and Climate Change
MOFALI	Ministry of Food, Agriculture, and Light Industry
MSFA	Mongolian Sustainable Finance Association
MSMEs	Micro, Small, and Medium-sized Enterprises
NGO	Non-Governmental Organization
RETA	Regional Technical Assistance

1 INTRODUCTION

Tourism is essential for Mongolia's economic growth, employment creation, and regional development, as well as its preservation of cultural heritage and the environment. Nevertheless, the sector is distinguished by excessive water and energy consumption, as well as the reliance on pristine natural landscapes and the traditional lifestyles of nomadic herdsmen for the provision of limited and seasonal products and services. Therefore, the integration of circular economy (CE) principles presents a strategic opportunity to transform the tourism sector into a green industry that is competitive, resource-efficient, and low-waste, thereby ensuring sustainable development and stable foreign currency earnings. The tourism sector in Mongolia is confronted with the urgent need and genuine opportunity to implement a transformation as the global transition toward circular economy models intensifies. The Ministry of Environment and Climate Change of Mongolia undertook the development of this document as part of the technical assistance project "Accelerating Gender Equality in East Asia" (RETA 6883), which was funded by the Asian Development Bank. It provides policy recommendations, analysis, and findings that are the result of a subproject that advocates for the green transition of women-led and women-involved enterprises in the tourism sector.

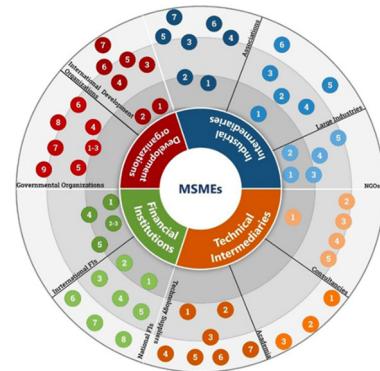
Objectives	“To promote gender equality by strengthening knowledge and capacity related to circular economy and green technologies in the areas of food and packaging within the tourism sector.”						
Results and Outputs	1. Conduct a comprehensive assessment of the opportunities and barriers for implementing circular economy approaches in selected sectors of Mongolia. 2. Enhance understanding, knowledge, and capacity of business actors in the target sector regarding the circular economy.				3. Organize national and international policy dialogues and experience-sharing events on circular and green economy practices.		
Key Activities	1. Conduct a needs assessment study to evaluate the current capacity and context of circular economy implementation.	1.2. Conduct a policy analysis aimed at introducing and expanding circular economy approaches in the target sector.	2.1. Enhance knowledge among women entrepreneurs on applying green business practices.	2.2. Provide advisory and support services to 15 selected businesses offering innovative green solutions.	3.1. Organize a national-level policy dialogue on green and circular economy.	3.2. Facilitate international dialogues on green and circular economy with CAREC member countries.	
Results Achieved	1.1.1. The current status and baseline indicators of businesses were identified.	1.2.1. Policy analysis was conducted. 1.2.2. Stakeholder analysis was completed. 1.2.3. Sectoral assessment was conducted.	2.1.1. A training curriculum and implementation plan were developed. 2.1.2. The training covered a total of _____ participants. 2.1.3. Pre- and post-training evaluations were conducted. 2.1.4. Training outcomes were assessed.	2.2.1. The selection guideline was approved. 2.2.2. The selection process was completed. 2.2.3. A mentoring program was implemented. 2.2.4. Selected entrepreneurs received grant support and achieved results.	3.3.1. Preparatory activities for policy dialogues were completed. 3.3.2. A national-level policy dialogue was successfully held..	3.2.1. A virtual dialogue was successfully conducted. 3.2.2. A study tour was conducted to a selected CAREC country—southern China and Hong Kong—for experience-sharing.	
					A knowledge product will be developed and published based on the outcomes of the policy dialogues and experience-sharing tour.		

2 STAKEHOLDERS IN THE CIRCULAR ECONOMY VALUE CHAIN IN THE TOURISM SECTOR

2.1 Participation of Stakeholders in the Circular Economy

The successful transition to a circular economy (CE) is grounded in the active and collaborative participation of stakeholders across all sectors. In Mongolia, the integration of CE into waste-intensive sectors such as tourism, food, and packaging requires the leadership and engagement of the following key stakeholder groups:

Figure 1. Stakeholders in the Tourism Sector



Sources: MECC. 2024. *Circular Economy comprehensive assessment report*.
(produced under ADB's regional technical assistance (TA6883)).

2.1.1. Government Agencies

The Ministry of Environment and Climate change (MECC), the Ministry of Food, Agriculture and Light Industry (MOFALI), and the Ministry of Construction and Urban Development (MCUD), among others, are responsible for establishing policy and legal frameworks and ensuring intersectoral coordination. Additionally, local governments play a key role in supporting implementation at the local level. The participation of these institutions determines the sustainability and scale of circular economy (CE) implementation, with mechanisms such as “green public procurement” and “green loan programs” currently being developed.

2.1.2 Private sector

Micro, small, and medium-sized enterprises (MSMEs) are the primary implementers of the circular economy (CE). They are beginning to transition their operations by redesigning products, adopting eco-friendly packaging, and introducing waste reduction technologies. According to research, most of these businesses need to build their capacity in “post-consumer recovery” and transitioning toward “circular supply chains.”

2.1.3 Civil Society Organizations (CSOs)

CSOs play a vital role in delivering public education, disseminating information, conducting monitoring and evaluation, and promoting citizen engagement. Organizations such as the “Green Finance Network” and the “Sustainable Finance Association” provide recommendations and support to scale up green investment.

2.1.4 Financial Institutions

Domestic and international banks, insurance companies, and financial intermediaries design and implement concessional loans, grants, and investment schemes that support the transition to a circular economy (CE). The “Green Credit Fund” in Mongolia is a prime example directly supporting CE-aligned activities.

2.1.5 Research and Educational Institutions

Universities and research centers in Mongolia—such as IRIM, the Mongolian Academy of Sciences, and the Institute for Sustainable Development—provide evidence-based research and analysis on CE. They also contribute by training trainers and developing educational materials.

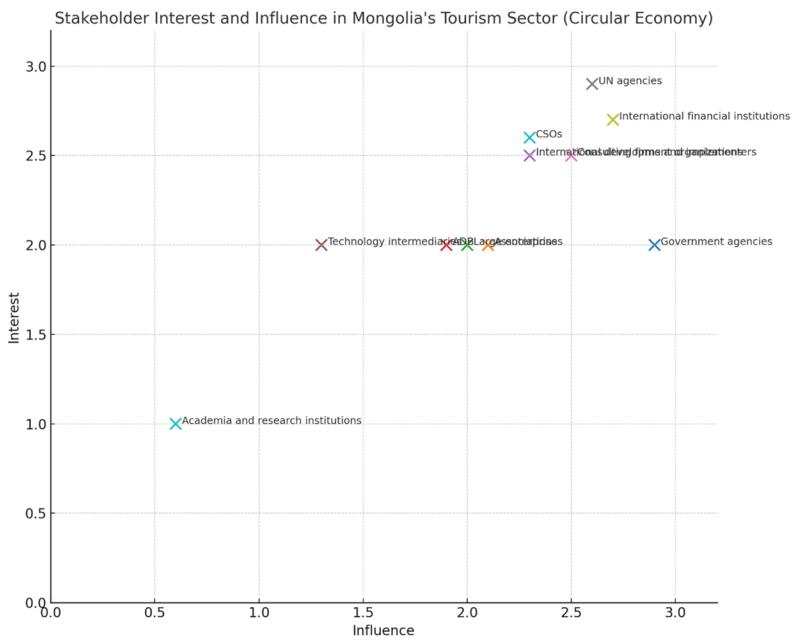
2.1.6 International Development Partners

Development partners such as the Asian Development Bank (ADB), UNDP, and the European Union support CE implementation at both local and national levels through technical assistance, capacity-building programs, and policy advisory. For instance, the regional program “TA-6883” focuses on supporting gender-responsive CE transitions and has been successfully implemented in the tourism sector.

2.1.7 End-Users and Tourists

Without shifts in consumer behavior, CE cannot be realized in practice. In surveys, 78% of tourists indicated a preference for eco-friendly products and services, reflecting a growing demand for sustainable alternatives.

Figure 2. Stakeholders interest and influence



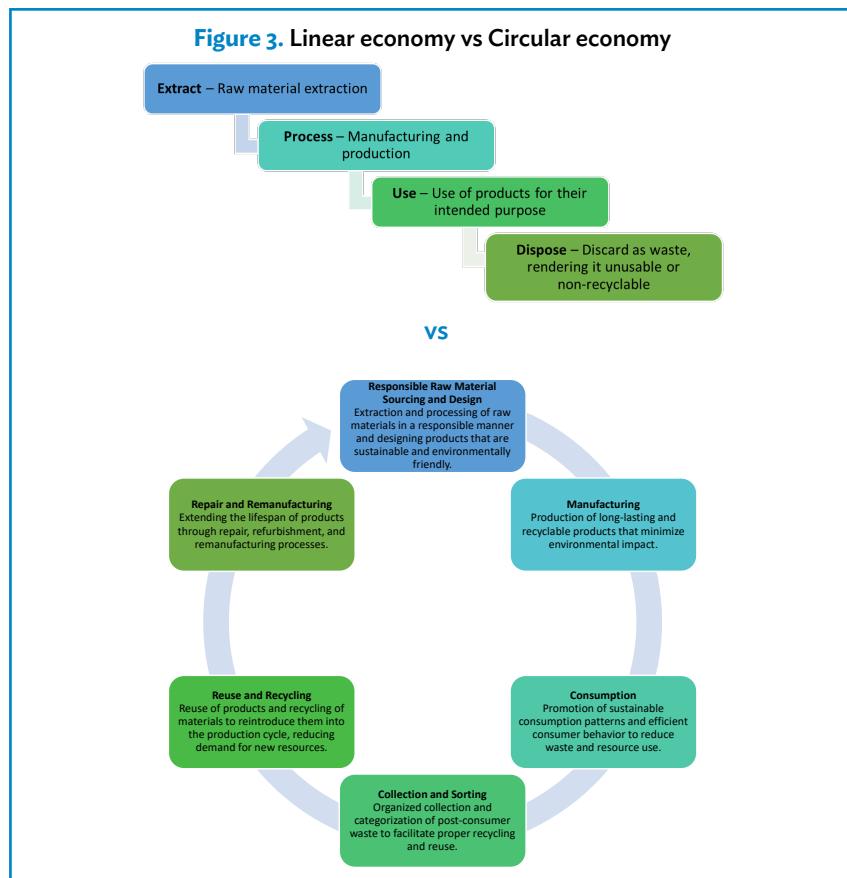
2.2 Conclusion

The circular economy (CE) is not only a reform of production processes, but a socio-economic transformation grounded in inclusive participation and shared responsibility. For Mongolia to implement CE sustainably, it is essential to clarify the roles of stakeholders and strengthen their coordination. This requires regulatory alignment, joint actions, and multi-stakeholder partnerships.

3 UNDERSTANDING THE CIRCULAR ECONOMY AND ITS IMPORTANCE

The concept of the circular economy involves embedding its core economic value into Mongolia's environmental protection, fiscal policies, legal frameworks, and business practices. It aims to optimize the use of natural resources, reduce waste, and extend product life cycles. This system represents a strategic shift away from the traditional linear "take-make-dispose" model and toward a green transition.

Given that Mongolia's tourism sector is resource-intensive, particularly in water and energy consumption, and heavily reliant on natural capital, applying the fundamental principles of CE and educating businesses within this sector holds significant strategic importance.



4 CURRENT SITUATIONAL ASSESSMENT

While initial policy-level steps have been taken to introduce the circular economy (CE) in Mongolia, its implementation in the tourism sector remains slow. According to the “Comprehensive Assessment Report,” there is weak policy coherence in integrating CE principles into the tourism value chain. This is further challenged by limited regulatory support, inadequate access to information, gender inequality, and financing constraints.

The sector also suffers from limited human resource capacity, low uptake of eco-friendly technologies, and a lack of lifecycle-based solutions for tourism products and services. These limitations contribute to increased waste generation, inefficient resource use, and insufficient local participation in tourism development.

Within this project, a stakeholder mapping exercise was conducted to identify key actors involved in the circular economy landscape for tourism.

To promote circular economy implementation in Mongolia’s tourism sector, attention should be focused on the following priorities:

- Develop specific programs, standards, and indicators that reflect CE principles at the policy level;
- Establish financial and tax incentives to support green products and services;
- Improve local training and information dissemination systems for small and medium-sized tourism enterprises;
- Enhance the participation of women-led MSMEs and mainstream gender-responsive approaches into tourism policies.

Case Study 1: “Eco Ger Tourism Camp” in Arkhangai Province

Ms. Munkhzaya, owner of a rural ger camp grounded in circular economy principles, offers an eco-conscious lifestyle experience to tourists. Her operation features upcycled furniture, a waste sorting system, and the use of locally made crafts.

“I believe our region’s tourism should not only attract visitors but also protect nature and inspire the younger generation with sustainable practices.”

Women entrepreneur, Arkhangai Province

5 SUMMARY OF KEY FINDINGS

Based on the TT-6883 project and the Comprehensive Assessment Report, the opportunities, challenges, and readiness for implementing circular economy (CE) in Mongolia's tourism sector are summarized below across five thematic areas:

Thematic Area	Key Strengths	Challenges / Recommendations
1. Policy	<ul style="list-style-type: none">CE principles are being gradually integrated into national policy documents.“Vision 2050” and the “New Revival Policy” include CE-aligned targets.	<ul style="list-style-type: none">Weak cross-sectoral coordination.Lack of detailed CE policy and monitoring systems for the tourism sector.
2. Private Sector	<ul style="list-style-type: none">High interest among women-led micro, small, and medium enterprises (MSMEs).Green business practices emerging in some regions.	<ul style="list-style-type: none">Limited understanding of CE among most businesses.Insufficient financial resources and investment capacity.
3. Technology	<ul style="list-style-type: none">Growing eco-innovation and green technology initiatives (e.g., waste sorting, recycling systems).Rise of green startups.	<ul style="list-style-type: none">Limited access to technology, training, and information.Weak support for technical upgrades and innovation.
4. Gender Equality	<ul style="list-style-type: none">Successful cases of women-led businesses implementing CE (e.g., Eco Ger Camp in Arkhangai).	<ul style="list-style-type: none">Weak gender mainstreaming in policy.Inadequate gender-sensitive training and finance programs.
5. Finance & Investment	<ul style="list-style-type: none">Some availability of green loans and grants (e.g., green finance funds, donor programs).Initiatives launched to improve financial access.	<ul style="list-style-type: none">Weak tax incentives for green businesses.Unstable investment climate and lack of risk guarantees.

6 RECOMMENDATIONS FOR WOMEN ENTREPRENEURS

To promote gender-inclusive green transition in Mongolia's tourism sector, the following measures are proposed:

I. Capacity Building

Deliver regional tiered training for women-led MSMEs on CE, eco-innovation, and green business practices. Use the “train-the-trainers” model to promote gender-sensitive content delivery.

II. Financial Access

Develop green financial products (e.g., concessional loans, grants, investment guarantees) tailored for women-led businesses. Encourage financial institutions to adopt gender-based risk assessment frameworks and tax incentives.

III. Market Access

Enhance competitiveness by improving branding and packaging. Support participation in trade fairs and e-commerce platforms. Foster networks and cooperative models among local women entrepreneurs.

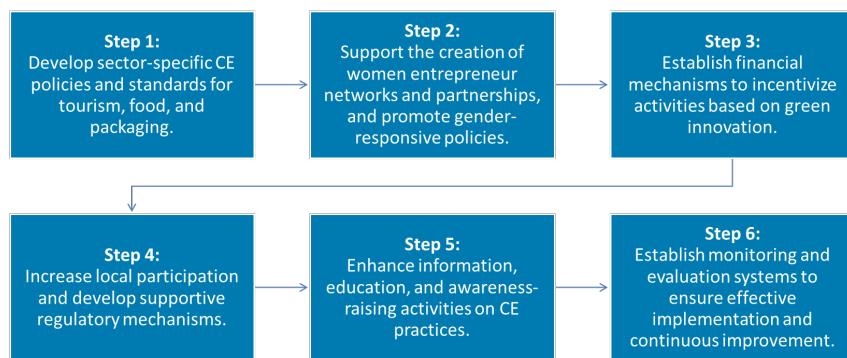
IV. Technology and Innovation Support

Promote smart, waste-reducing, and restorative technologies for women entrepreneurs. Use incubator and accelerator programs to scale green innovations and startups.

7 IMPLEMENTATION ROADMAP

For effective CE implementation, a structured and phased approach is needed at both national and local levels:

- Assess the specific needs, opportunities, and challenges of each region and sector;
- Develop legal and policy frameworks with strong inter-sectoral coordination;
- Define institutional arrangements to lead implementation;
- Create financial mechanisms to mobilize CE investments;
- Encourage public and private stakeholder engagement, and strengthen awareness and capacity;
- Establish robust monitoring, evaluation, and learning (MEL) systems to track progress and improve actions over time.



FINAL CONCLUSION

To effectively implement CE in Mongolia's tourism sector, it is essential to promote gender-responsive policies, strengthen capacity, and facilitate green innovation and investment—particularly targeting women entrepreneurs. CE is not only an environmental solution but also a driver of new opportunities and sustainable economic growth for businesses.

8 TA OUTCOME - RESULTS OF THE CONSULTING SERVICES

Under the project framework, the knowledge and capacity of micro, small, and medium-sized enterprises (MSMEs) on gender-inclusive and green recovery were significantly enhanced, enabling entrepreneurs to actively contribute to a sustainable post-COVID-19 recovery. 420 women entrepreneurs were trained and mentored, with 70% of participants adopting green business practices.

Component 1

At the beginning of the TA, a comprehensive assessment of the circular economy (CE) in the tourism sector was conducted, shaping subsequent project activities. The assessment comprised three key parts:

1. Policy Assessment – Identified government policies and development goals related to CE in tourism, particularly in the food and packaging sectors, providing insights for decision-makers.
2. Readiness Assessment – Evaluated the ability of producers and service providers in the tourism industry's food, beverage, and accommodation value chains to adopt CE strategies.
3. Stakeholder Assessment – Examined stakeholder perspectives on CE's role in fostering collaboration within the tourism sector. Special attention was given to women-led MSMEs, identifying those who would benefit most from CE adoption and those with limited impact on sectoral goals.



Component 2

The project established a Policy Lab Working Group to support MSMEs in adopting CE practices and facilitated policy dialogues and stakeholder meetings to promote gender-responsive policies. For policymakers to learn best practices, a study tour to PRC (Shenzhen and Hong Kong) was organized, followed by a virtual conference with CAREC member countries on gender-inclusive sustainability. The final outcome was developing and submitting policy recommendations to the Ministry of Environment and Climate Change.



Component 3

Capacity-building activities for women-led MSMEs were implemented under the TA with no significant procurement requirements. The activities were delivered in collaboration with Development Solutions NGO, IRIM, MSFA, and closely coordinated with the Ministry of Environment and Climate Change and ADB.

- Trainings followed a structured approach with five sessions (three classroom-based, two online), totaling 15 hours.
- 420 women entrepreneurs from Ulaanbaatar, Khuvgul, and Arkhangai participated, using interactive methods such as case studies, group exercises, and discussions.
- Mentoring involved six online sessions led by national and international experts, covering CE principles, sustainable business planning, and green financing.
- Key partners included Mongolian University of Science and Technology and Adelphi Consulting, leveraging existing local resources, venues, and online platforms (Zoom) for training and mentorship.

The project was successfully implemented as planned, ensuring effective capacity-building through strong collaborative partnerships.

