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No. 52

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)  
MINISTRY OF INFRASTRUCTURE DEVELOPMENT  
MONGOLIA

THE MASTER PLAN ON NATIONAL TOURISM DEVELOPMENT IN

MONGOLIA

FINAL REPORT

Volume IV  
Appendixes

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**FINAL REPORT**

**Volume IV  
Appendixes**

**July 1999**

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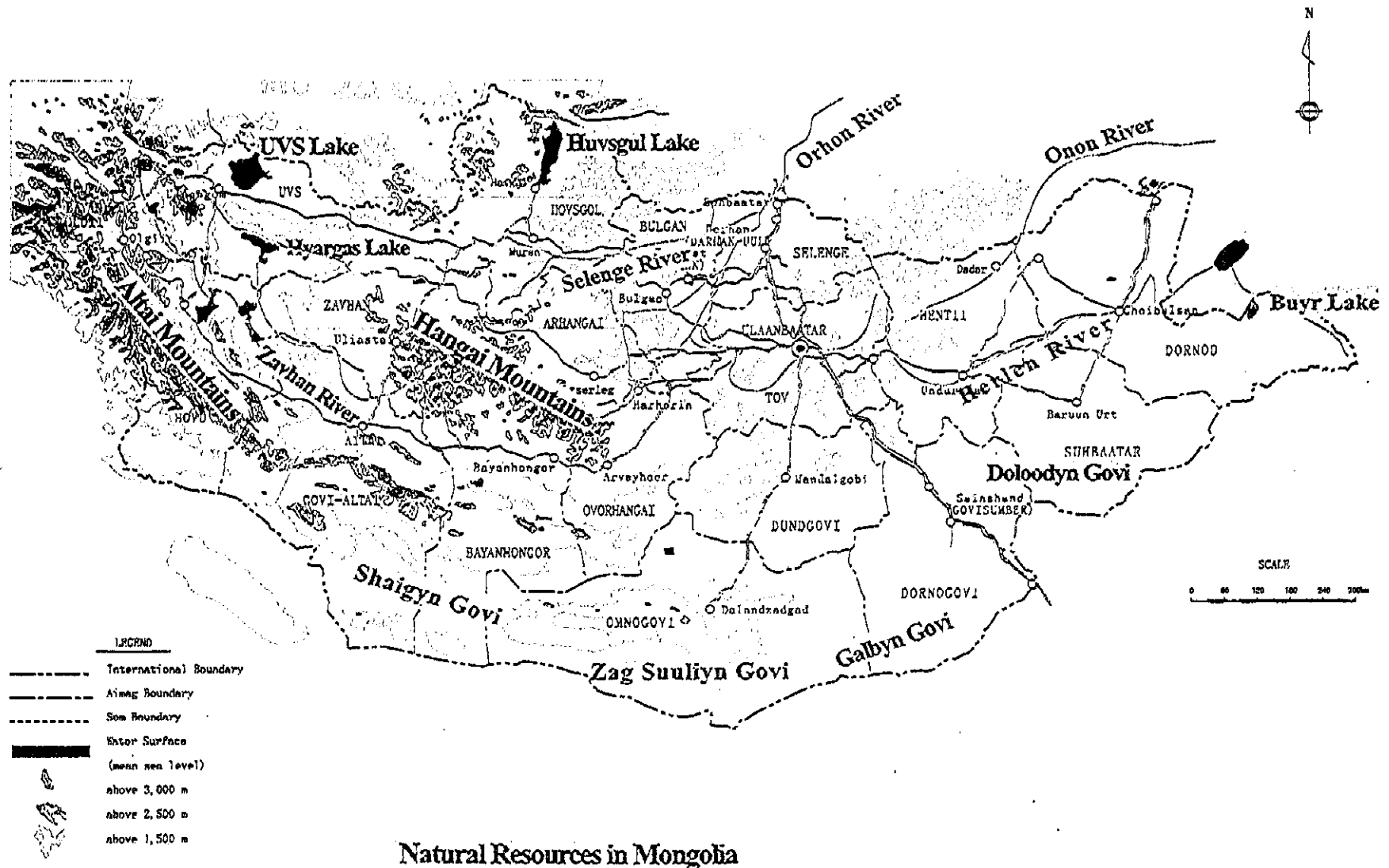
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**1151293 (6)**





**The Master Plan  
on  
National Tourism Development  
in  
Mongolia  
  
Final Report**

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## **ABBREVIATIONS**

<b>AAGR</b>	<b>Average Annual Growth Rate</b>
<b>ADB</b>	<b>Asian Development Bank</b>
<b>ALS</b>	<b>Average Length of Stay</b>
<b>ASTA</b>	<b>American Society of Travel Agents</b>
<b>BFI</b>	<b>Board of Foreign Investment</b>
<b>BOT</b>	<b>Build Operate Transfer</b>
<b>CATV</b>	<b>Cable TV</b>
<b>CES</b>	<b>Central Energy System</b>
<b>DANIDA</b>	<b>Danish International Development Agency</b>
<b>DOT</b>	<b>Department of Tourism</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>EIA</b>	<b>Environmental Impact Assessment</b>
<b>ESCAP</b>	<b>Economic and Social Commission for Asia and the Pacific</b>
<b>EU</b>	<b>European Union</b>
<b>FC</b>	<b>Foreign Currency</b>
<b>GDP</b>	<b>Gross Domestic Products</b>
<b>GNP</b>	<b>Gross National Products</b>
<b>GTZ</b>	<b>Deutsche Gesellschaft fuer Technische Zusammenarbaeit (German Agency for Technical Co-operation)</b>
<b>ICAO</b>	<b>International Civil Aviation Organization</b>
<b>IDD</b>	<b>International Direct Dialing</b>
<b>IEE</b>	<b>Initial Environmental Examination</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>ITDIJ</b>	<b>International Tourism Development Institute of Japan</b>
<b>ITB</b>	<b>International Tourismus-Boerse (Berlin)</b>
<b>JICA</b>	<b>Japan International Co-operation Agency</b>
<b>JES</b>	<b>Japan Euro-Asia Service</b>
<b>JTB</b>	<b>Japan Travel Bureau</b>
<b>JATA</b>	<b>Japan Association of Travel Agents</b>
<b>JNTO</b>	<b>Japan National Tourist Organization</b>
<b>LC</b>	<b>Local Currency</b>
<b>LEIAC</b>	<b>Licensed Environmental Impact Assessment Company</b>
<b>LG</b>	<b>Local Government</b>
<b>MIAT</b>	<b>Mongolian Airlines</b>
<b>MID</b>	<b>Ministry of Infrastructure Development</b>
<b>MNE</b>	<b>Ministry of Nature and Environment</b>
<b>MOTA</b>	<b>Mongolian Organization of Travel Agents</b>
<b>MCCI</b>	<b>Mongolian Chamber of Commerce and Industry</b>
<b>MTA</b>	<b>Mongolian Tourism Association</b>
<b>NTA</b>	<b>National Tourism Agency</b>
<b>NTAs</b>	<b>National Tourism Administration</b>
<b>NTC</b>	<b>National Tourism Center</b>
<b>NTO</b>	<b>National Tourism Organization</b>
<b>NCP</b>	<b>National Conservation Parks</b>

NGO	Non Government Organization
OM	Operation and Maintenance
PA	Protected Area
PAA	Protected Area Administration
PAB	Protected Area Bureau
PATA	Pacific Asia Travel Association
SC	Steering Committee
SPA	Strictly Protected Area
SIT	Special Interest Tour
TACIS	Technical Assistance to the Commonwealth of Independents States
TCIA	Turkish International Cooperation Agency
TD	Tourism Department
TOG	Togrog
UB	Ulaanbaatar
UNDP	United Nations Development Program
WTM	World Tourism Market (London)
WTO	World Tourism Organization
WWF	World Wide Fund for Nature.

## A1.1 The Study

### A1.1.1 Study Organization

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Mr. Sukhbaatar	Member	Director of Economic, Cooperation Department of MID
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## **A2.3 Donor Activities and NGO**

### **A2.3.1 Donor Activities**

#### **1) International Donor Agency**

1991, Mongolia joined the IMF and the World Bank. It is also a member of the Asian Development Bank and receives aid from the EU's and Japan's technical assistance programs. By 1996, ADB had granted 11 kinds of project loans amounting to US\$261 million to the Mongolian Government. Moreover, US\$ 28.5 million of technical assistance had been granted. The World Bank and the Asian Development Bank are working on sectoral policy agendas, including transportation and energy—both critical to ensuring the success of the transition to the market economy and democratic government. Other donors are now providing mostly energy sector commodity and renovation assistance. At the end of July 1997 the IMF approved a three-year Enhanced Structural Adjustment Facility loan of US\$45 million to support the government's economic program in 1997-2000.

Since 1991, five series of meetings of the Mongolian Donor Group sponsored by the World Bank and the Japanese government have resulted in pledges of almost US\$1 billion in aid, around 40% of it non-returnable and the remainder in the form of project aid and trade credits. The sixth meeting was held in Tokyo on October 7<sup>th</sup> 1997. The participants pledged US\$ 256 million for 1998, 70% in the form of long-term soft loans and 30% as grant aid. The total pledged was US\$40 million more than had been expected and in excess of the US\$212 million pledged in 1996.

A new allocation of USAID assistance was agreed in May 1997. The US\$2 million allocated will be used to assist in the development of economic policy, including technical expertise and training for government officials. Areas specified for assistance including the energy sector, pension law, privatization and the facilitation of private investment.

The UNDP has granted US\$3.2 million for a project to develop journalism in Mongolia.

#### **2) Tourism Related International Project Activities**

There are several international organizations that actively support the Mongolian tourism development at present. The table A2.3.1 summarizes their activities.

Table A2.3.1 International Tourism Development Activities in Mongolia

Organization	Name of the Project	Period	Objectives and Activities
1. UNDP & Ministry of Nature and the Environment	The Mongolian Bio-diversity Project	Since 1993	<ul style="list-style-type: none"> <li>- to inventory bio-diversity in Mongolia,</li> <li>- to identify major threats ,</li> <li>- to assess the status of conservation efforts, and</li> <li>- to develop an action program for conservation and the sustainable use of natural resources.</li> </ul>
2. World Wide Fund for Nature with UNDP cooperation	Protected areas as contribution to regional development	Since 1992	<ul style="list-style-type: none"> <li>- to help the MNE establish a coherent Protected Areas System.</li> <li>- to extend the PA system</li> <li>- to protect certain species</li> <li>- sustainable pasture management, and</li> <li>- forest use in the buffer zones of PAs.</li> </ul>
3. The Danish International Development Agency	Nature Conservation through Development of Tourism	Since 1993	<ul style="list-style-type: none"> <li>- to provide the basis for a project with the overall objective "to create work and income from nature oriented tourism on a sustainable basis, and thereby conserve the environment; to bring nature and wildlife management in line with international standards; and bring the collection, sale and exportation of natural materials and objects, archaeological finds and historical artifacts, under control".</li> </ul>
4. International Finance Corporation (the WB)	Tourism Project Development Facility	18-months from April, 1997	<ul style="list-style-type: none"> <li>- Assessments of project proposals and technical assistance to prospective private investors,</li> <li>- Provision of financing in the form of loans, equity and/ or debt to private investors,</li> <li>- Training program for project development, and</li> <li>- Overall assessment and institutional strengthening of the tourism industry in Mongolia.</li> </ul>
5. World Tourism Organization	Tourism Master Plan for Mongolia (Review Mission)	1996	<p>(Recommendation)</p> <ul style="list-style-type: none"> <li>- Tourism development planning and programming (including the analysis and prevention of environmental impacts),</li> <li>- Formulating guidelines for developing and managing ecotourism (including guidelines for tourist activities in natural areas and culturally appropriate behavior for tour operators, guides, and ger camps),</li> <li>- Establishing a tourism management information system,</li> <li>- Drafting of tourism regulations (including licensing procedures for tourism facilities, tour operators and guides),</li> <li>- Establishing a hotel classification system,</li> <li>- Training in tourism management (including central and local government officials, university faculty),</li> <li>- Improving institutional tourism education and training (aimed at persons working in tourism operations, eg. Tour guides),</li> <li>- Tourism Training in rural areas, and</li> <li>- Enhancing public awareness about tourism.</li> </ul>
6. The European Union (TACIS)	Development of Tourism	18-months, 1998	<ul style="list-style-type: none"> <li>- Advice on strategic direction for the development of sustainable tourism,</li> <li>- Strengthening and development of the Tourism Policy Department,</li> <li>- Assistance and support to the private sector through increased awareness/exposure of the Mongolian marketplace,</li> <li>- Advice on establishing framework for human resources development, and</li> <li>- Advice on tourism product development and environment sustainability.</li> </ul>
7. the Mongolian Association for Conservation of Nature	Hustain Nuuru Nature Reserve	-----	<ul style="list-style-type: none"> <li>- The re-introduction of the Przewalski or takhi horse into its original habitat (guided tour of the reserve). (supported by the Dutch Foundation Reserves for the Przewalski Horse and the Dutch Government Ecotourism)</li> </ul>
8. ESCAP	Seminar on "Sustainable Tourism Development in Mongolia"	October, 1997	<ul style="list-style-type: none"> <li>- The transfer of know-how to private enterprises and government personnel concerning the management and sustainability of tourism.</li> </ul>
9. The German Federal Ministry of Economy	Workshop for German and Mongolian companies	June, 1997	<ul style="list-style-type: none"> <li>- To promote contacts and an exchange of know-how between the two groups as well as to develop business opportunities.</li> </ul>



## A2.3.2 NGO & WID

### 1) NGO Activities in Mongolia

The number of both foreign-based and domestic NGOs working in Mongolia has increased rapidly in recent years. However, the Government is unaware of some of their activities and main purposes, and NGOs themselves do not have good mutual understanding about each other's activities due to the lack of information and government initiatives. At present, any domestic and foreign-based NGOs have to register their organization activities to the Ministry of Justice, if they open an office in commercial premises. In 1996, 584 Mongolian and 36 international Non-profit Organizations were registered with the Ministry of Justice (as of 16 January, 1996).

Mongolian NGOs appear to have no influence at the national level, lacking skills in administration, monitoring and evaluation of programs that they undertake at aimag and city levels. Almost all organizations are located at Ulaanbaatar City. Foreign NGOs come in various forms, such as advocacy groups, independent active groups in local areas (small-scale development group organized by interest groups), temporary relief activities, specific groups of the population (women, children and the handicapped). Actually it is still limited to a few social activities nationwide, such as "poverty alleviation", "women and children", and "social care of Mongolian Red Cross" in an effort to respond to the growing socio-economic crisis in Mongolia.

Many unregistered foreign-based and special interest groups such as institutional researchers, university professors, and religious members are actively involved in helping various rehabilitation works. Lack of governmental initiative for organizing these members results in duplication of many voluntary works in the same field.

### 2) WID

In general, women working in the tourism industry in places such as hotels, restaurants and travel agencies experience few problems because of relatively few religious or life-style constraints, except in some fields and special working time in informal sector. Employment opportunity outside home is, however, quite limited in the rural and nomadic areas, irrespective of gender.

Most women, including nomads, are quite interested in participating in social activities for the purpose of having cash income to improve their life conditions although they are in charge of household duties including water collection, cooking, cleaning, laundry, child care, needlework, etc.

Through further development of tourism in Mongolia, employment opportunities for woman will surely increase and their standard of living will improve.

Major issues to consider for women in tourism development are the following:

- Women have suffered disproportionately from the seasonal fluctuation of the tourism sector in terms of loss of income and employment opportunities in the market economy.
- Since the collapse of the centrally planned economy, there has been a serious lack of social services for women, such as nurseries, day-care and kindergartens, to help them bring up their children while they are working outside the home.
- Participation of women in the process of decision making in the tourism sector has gradually decreased due to the above reasons.



## **A4.1 International Tourist Arrivals**

### **A4.1.1 Global Tourism Trends**

According to WTO's preliminary revised estimates<sup>1</sup>, total international tourist arrivals worldwide came to almost 613 million in 1997, an increase of 2.9 percent compared with 1996, and 5.5 percent from 1995 to 1996. International tourism has shown itself to be strongly resistant to fluctuations in economic conditions such as the economic recession of the OECD countries in 1993. International tourism receipts for 1997 are provisionally estimated at over US\$ 448 billion (excluding international transport), 2.7 percent higher than in 1996. These trends were mainly dictated by the stagnation of international tourism in East Asia and the Pacific in 1997, the worst tourism year for the Pacific Rim since 1989. During the period of 1988-1997, worldwide international tourist arrivals had grown at an average rate of 5.0 percent per year, and international tourism receipts (excluding transport) at a rate of 9.1 percent. (However, some of the estimated tourism receipts are questionable from the point of implied value of elasticity. see Figure A4.1.1)

The annual trends in arrivals represent a reliable indicator of industry growth (although the country data available do not always provide a complete picture). The 5.8 per cent annual increase in international tourist arrivals worldwide between 1989 and 1992 demonstrates that the industry is remarkably resistant to economic fluctuations and other problems. In the second half of the decade –between 1993 and 1997- the average annual increase in arrivals did slow to 4.2 percent but this can still be considered remarkable in view of the slow economic recovery, sustained high unemployment in major industrialized countries, and the 1997 Asian Financial crisis.

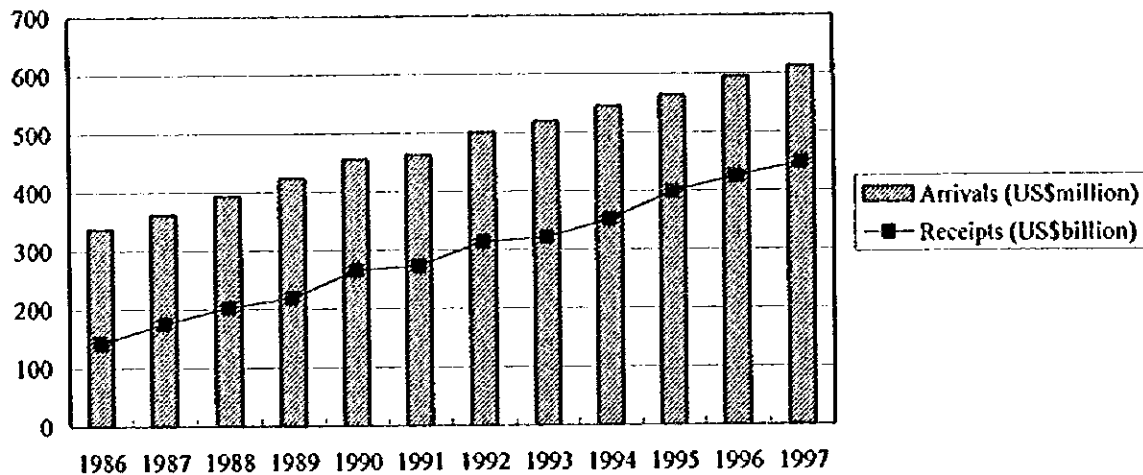
The African region showed the strongest expansion in arrivals for 1997, up 7.4 per cent over 1996 levels. South Asia experienced a less significant increase, where a gain of 5.1 percent in arrivals compared favorably to the 3.1 percent increase between 1995 and 1996 (Figure A4.1.2). After a robust increase of 9.6 percent in 1996, the growth rate of arrivals in East Asia and the Pacific slowed dramatically to 1.1 per cent in 1997. The decrease in the growth of tourism in the region occurred as a result of the financial crisis in traditional tourism destinations. In the Americas, the rate of growth of arrivals slowed down, moving from an increase of 5.4 percent between 1995/96 to a decrease of 2 per cent between 1996/97. Arrival levels also decelerated in Europe, although less dramatically, going from an increase of 4.5 per cent in 1995/96 to a 3.2 percent decrease between 1996/97. Although less dramatic than in East Asia and the Pacific, The Middle East also experienced a decline in the growth rate of arrivals from 4.6 per cent between 1995/96 to 4.1 per cent between 1996/97. The decrease in the growth of tourism in the region occurred as a result of the terrorist attack on tourists in Luxor.

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<sup>1</sup> WTO (World Tourism Organization) defines a tourist as a visitor staying in the country for one or more days. Frontier arrivals are the number of peoples entering Mongolia. (Technical Notes, "TOURISM MARKET TRENDS: THE WORLD" WTO)

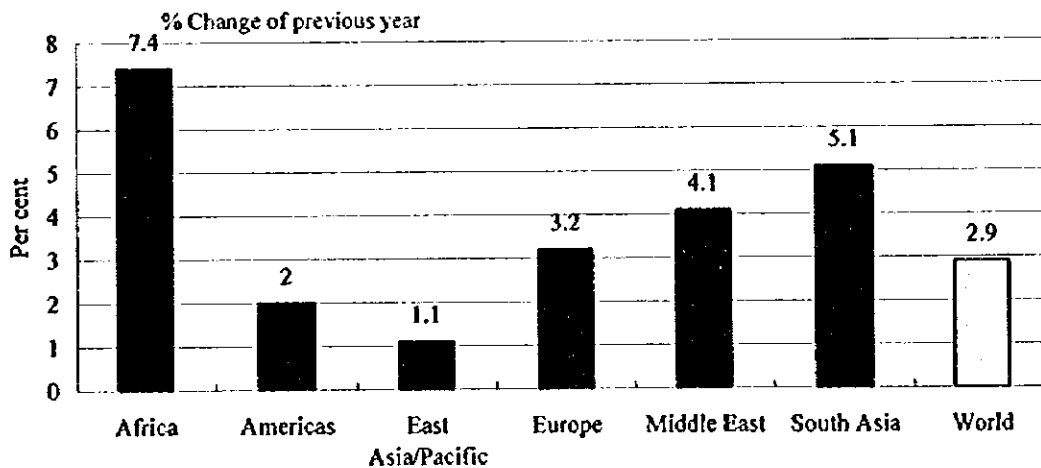
<sup>2</sup> "East Asia & the Pacific: 1998 Edition" World Tourism Organization.

Figure A4.1.1 International Tourist Arrivals and Receipts Worldwide



Source: WTO

Figure A4.1.2 Percent change in Global Tourist Arrivals By Region of Destination, 1996/1997



Source: WTO

### **A4.1.2 Regional International Tourism Trends**

In Asia/Pacific, despite the region's impressive growth performance in recent years (TableA4.1.1), several countries have recently experienced financial market pressures linked to concerns about large external deficits. In many cases, currencies linked to the appreciating US dollar have aggravated the tensions. The pressures have been most acute in Thailand, but spillovers from the crisis in Thailand were also felt by other countries such as the Philippines, Indonesia and Malaysia. China, on the other hand, maintained economic growth at over 18.4 per cent. All these factors had a strong impact on travel demand, both for regional and long haul destinations. In 1997 international tourism in East Asia and the Pacific is estimated to have stagnated both in terms of arrivals and receipts.

The geography of the region has a strong influence on traffic characteristics:

- Long distance between traffic generating.
- areas affects types of aircraft used, route structures and fares.
- Because many countries are island groups air travel is the main mode of transport. Travelers have fewer alternatives regarding transportation than elsewhere in the world, particularly compared with Europe.
- Alternatively, nature, landscape and culture make the region attractive for tourism.
- Geographical positions of major Asian airports vis-à-vis the main travel markets favors the development of the fifth freedom traffic and airport hub activity.

Over the last decade, a number of factors explain why international tourism in East Asia and the Pacific region increased rapidly:

- Strong economic growth in many Asian countries.
- A general increase in personal disposable income.
- Political stability in many countries.
- Relaxation of travel restrictions.
- Important ethnic ties between Asian countries.
- Thorough and effective tourism promotion.
- Increased frequency in short-duration trips.

**Table A4.1.1 International Tourist Arrivals and Receipts in East Asia/Pacific 1988-1997**

(Thousands of arrivals, receipts in million of US\$ and percentages)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Arrivals (thousands)	47,020	47,769	54,589	56,438	64,246	71,094	76,788	81,356	89,186	90,201
% annual change	16.11	1.59	14.30	3.37	13.83	10.66	8.01	5.95	9.62	1.14
Receipts (US\$ mn)	30,496	34,242	39,161	40,423	47,371	52,561	62,810	73,886	81,574	83,211
% annual change	32.56	12.28	14.37	3.22	17.19	10.96	19.50	17.63	10.41	2.01

Source: World Tourism Organization (WTO)

### Northeastern Asia

Northeastern Asia recorded the worst year since 1989, with an increase of 0.75 per cent in total arrivals to 49.8, whereas receipts increased by only 1.5 per cent to almost US\$ 38 billion (Table A4.1.2). These overall results are mainly dictated by the relatively slow growth of international tourist arrivals in China (4.4 per cent) which represents 47.7 per cent of total arrivals in Northeastern Asia. "China, Hong Kong SAR" was badly affected with a drop of almost 1.3 million tourist arrivals over 1996 (- 11.1 per cent) and a loss of US\$ 1.6 million in receipts. In 1997, Japan recorded a 10 per cent increase in tourist arrivals totaling approximately 4.2 million, increase in tourist arrivals of 1997 of more than 10 per cent to over 4.2 million. These results can be attributed to some extent to the relatively low exchange rate of the Japanese Yen against the US dollar, and the steady growth of most of the Asian markets with the exception of the Republic of Korea.

**Table A4.1.2 International Tourist Arrivals and Receipts in Northeastern Asia, 1988-1997**

(Arrivals in thousands, receipts in millions of US\$, and percentage change)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Arrivals (thousands)	27,714	25,551	27,969	31,153	36,637	40,677	42,392	44,102	49,435	49,806
% annual change	16.48	-7.80	9.46	11.38	17.60	11.03	4.22	4.03	12.09	0.75
Receipts (US\$ ml)	15,823	17,156	17,605	18,568	21,719	24,845	28,776	33,594	37,426	37,985
% annual change	33.76	8.42	2.62	5.47	16.97	14.39	15.82	16.74	11.41	1.49

Source: WTO

Northeastern Asia: China, Hong Kong, Japan, Korea Dem.P.Rep, Korea Rep, Macau, Mongolia, Taiwan

The number of Japanese overseas travelers is expected to reach 17.5 million in 1997. The total number of Japanese travelling within Japan and overseas is expected to jump to 346.7 million, up from the 1996 figure of 339.4 million. Some 17.5 million people travelled abroad in 1997. It is forecast that the prevailing perception that prices are right since they now stand at two-thirds of the 1990 peak prices, and that stable demand anticipated from repeat travelers will help break the record for a sixth consecutive year. This is despite the fact that the rate of

growth is expected to decrease to 4.8 percent, roughly half of what it was in 1996. Assuming that an average annual growth rate of 4.55 percent is sustained in 1998 and beyond, some 20 million Japanese will be travelling abroad annually by the year 2000.

The bulk of the tourist flow in Northeastern Asia is generated by travel between countries of the sub-region. The total intra-Northeastern Asia arrivals rose to almost 34 million in 1996, accounting for almost 72 percent of total arrivals in the sub-region. The two other strong generating markets were Europe, with over 4 million Northeast Asia arrivals in 1996 (i.e. 9 percent of total arrivals in the sub-region) and Southeastern Asia, with over 3.8 million, Northeast Asia arrivals during the same year. Of the Americas, the most important generating region was North America accounting for almost 3 million arrivals in Northeastern Asia.

Between 1988 and 1997, tourist arrivals in Northeastern Asia grew at an average annual rate of 0.8 percentage points less than the whole of East Asia and the Pacific region. Tourism receipts, on the other hand, rose by an average 10.2 per cent in the same period, slightly below the 11.8 percent average for the whole region.







## A4.2 International Tourist Market and Mongolian Tourism

### A4.2.1 Results of Tourist Surveys

#### Questionnaire

We hope that you are having a wonderful time in Mongolia. The Japan International Cooperation Agency is conducting the "National Tourism Development Study in Mongolia" in cooperation with the Ministry of Infrastructure Development as a result of a request from the Mongolian government. Therefore, we would like to ask your opinion about tourism in Mongolia to collect data for the study. We would greatly appreciate your time and cooperation in answering the following questions.

This questionnaire is solely for our study and will not be used for any other purpose.

Mongolian Tourism Development Study Team  
 Japan International Cooperation Agency  
 Address: Ulaanbaatar Government Bldg. 2  
 JICA Study Team, Tel: 31-252

Q12. What kind of souvenir did you get on this trip? (Choose any number of the following items.)

- (1) Mongolian folk crafts/Specialties (Dolls, Ger model, Mongolian vodka, Stamps)
- (2) Mongolian landscape paintings (Water color)
- (3) Mongolian traditional clothes (Hats, Ethnic Costume)
- (4) Cashmere products
- (5) Others ( )

- (A. Good B. Fair/Reasonable C. Poor/Expensive)
- I. Quality ( A B C )
  - II. Price ( A B C )
  - III. Attentiveness of clerks ( A B C )

Q13. Have you eaten outside the hotel restaurant?

- (1) Yes (2) No
- (A. Good B. Fair/Reasonable C. Poor/Expensive)
- I. Food selection/quality ( A B C )
  - II. Price ( A B C )
  - III. Sanitary conditions ( A B C )
  - IV. Service ( A B C )

Q14. How much did you spend in Mongolia? (Personal expense only)

- Total expense (Approximately ¥ )
- Meal %
  - Shopping %
  - Others %

Q15. How do you feel about Mongolia on this trip?

- (A. Good/Very interesting B. Fair/Somewhat interesting C. Poor/Of little interesting)
- (1) Grass Steppe ( A B C )
  - (2) Desert ( A B C )
  - (3) Facilities/infrastructure in Ulaanbaatar ( A B C )
  - (4) Security ( A B C )
  - (5) Sanitary conditions ( A B C )
  - (6) Tourist facilities (Ger camp) ( A B C )
  - (7) Transport ( A B C )
  - (8) Tourist information ( A B C )
  - (9) Tour guide ( A B C )
  - (10) Immigration & Customs ( A B C )
  - (11) Hospitality ( A B C )

Q6. How many days will you stay in Mongolia in total? ( days)

- How many days will you stay in/at each of the following?
- in Ulaanbaatar (1) one day (2) 2 days (3) 3 days (4) more than 4 days
  - in Gobi (1) None (2) one day (3) 2 days (4) more than 3 days
  - at Ger camp (1) None (2) one day (3) 2 days (4) more than 3 days
  - Others (Place/Campsite: )

Q7. Why did you choose Mongolia for this trip? (Choose less than 3 of the following items.)

- (1) To experience nature (Grass Steppe and Gobi desert)
- (2) To experience and/or observe a monadic life (Lifestyle of Ger camp)
- (3) To enjoy sports (Horseback riding, Canoeing)
- (4) To visit cultural heritages (Karakhorum and so on)
- (5) To visit historical heritages (Chinggis Khaan Trail and so on)
- (6) Others ( )

Q8. What is the most useful information resource on this trip? (Choose one of the following items.)

- (1) Travel brochure (2) Travel guidebook
- (3) Newspaper and/or magazine (4) Information from friend(s)
- (5) Others ( )

Q9. What kind of information is insufficient in Mongolia? (Choose less than 3 of the following items.)

- (1) Travel sites (2) Hotels (3) Restaurants (4) Maps
- (5) Transportation (6) Shopping (7) Activities/events in Ulaanbaatar
- (8) Others ( )

Q10. How do you feel about hotels in Ulaanbaatar?

- (A. Good B. Fair C. Poor)
- (1) Rooms ( A B C )
  - (2) Food ( A B C )
  - (3) Facilities ( A B C )
  - (4) Service ( A B C )

Q11. How do you feel about travel sites in Mongolia? (A. Good/Very interesting B. Fair/Somewhat interesting C. Poor/Of little interesting)

- (1) Gobi ( A B C )
- (2) Ger camp ( A B C )
- (3) Hara Horum ( A B C )
- (4) Chinggis Khaan Trail ( A B C )
- (5) Others ( A B C )

Q16. Would like to return to Mongolia?

- (1) Yes (2) No

Q17. Finally, personal information.

- 1) Sex (1) Male (2) Female
- 2) Age (1) under 19 (2) 20-29 (3) 30-39 (4) 40-49 (5) 50-59 (6) over 60
- 3) Place of residence (1) Kanto/Koshinetsu (2) Kansai (3) Chubu/Hokuriku (4) Kyushu/Okinawa (5) Hokuriku/Hokkaido (6) Chugoku/Shikoku
- 4) Occupation (1) Professional/Administrative (2) Office/Sales clerk (3) Agricultural/Factory worker (4) Self-employed (5) Government employee (6) Housewife/Househusband (7) Retired (8) Others ( )

Thank you for your co-operation.

To be filled out by the study team.

Location of interview:

- (1) Ulaanbaatar Airport
- (2) Gel camp
- Tereiji
- Undurdov
- Shuren (Elstei)
- Chinggis Khaan Village
- Riverside (Undorshireet)
- Bayangobi (Burd)
- Ornogov (Burd)
- South Gobi

Date:

Sheet No.:

Interviewer







# Survey Questionnaire

**MONGOLIA TOURISM DEPARTMENT**  
 Mongolia Visitor Expenditure and Motivation Survey - 1998

Name of Interviewer : \_\_\_\_\_ Initials : \_\_\_\_\_

Flight Number : \_\_\_\_\_ Date : \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

## SCREEN QUESTIONS

1. Are you a visitor to Mongolia or do you live here? (If living here or Mongolian resident, discontinue the interview).

2. If visitor: When did you arrive in Mongolia?

Number of nights spent in Mongolia (calculate)

Note: Discontinue interview if the visitor has not stayed at least one night or stayed for longer than 3 months (92 days)

## VISITOR PROFILE QUESTIONS

3. What is your usual country of residence?

4. Gender: Male <sup>1</sup> Female <sup>2</sup>

(DO NOT ASK, JUST TICK THE APPROPRIATE BOX)

5. To which of the following age group do you belong? (SHOW AGE GROUP CARD)

15 - 19 <sup>1</sup>      20 - 29 <sup>2</sup>      30 - 39 <sup>3</sup>  
 40 - 49 <sup>4</sup>      50 - 59 <sup>5</sup>      60 and above <sup>6</sup>

6. What was your main purpose of visiting Mongolia? (SHOW PURPOSE OF VISIT CARD)

Leisure/Recreation/Holiday <sup>1</sup>      Visiting Friends/Relatives <sup>2</sup>  
 Business/Conference/Professional <sup>3</sup>      Other (Specify) <sup>4</sup>

Other purposes: \_\_\_\_\_

IF HOLIDAY VISITOR: CONTINUE  
 IF NOT: GO TO QUESTION 8

## OFFICIAL USE ONLY

Reference code  
 Initials      No.  
       
          
 day      month

Flight:

2. Nights

3. Country code

4. Gender code

5. Age code

6. Purpose code

For other purposes: \_\_\_\_\_

7. What was your main reason for choosing Mongolia?  
(SHOW REASON CARD - Multiple answers allowed)

- Natural Scenery <sup>1</sup> Adventure Tours <sup>5</sup>  
 Wildlife <sup>2</sup> Special Interest Tours <sup>6</sup>  
 Mongolian Traditional Culture <sup>3</sup> Hunting <sup>7</sup>  
 Mongolian History <sup>4</sup> Other reasons <sup>8</sup>

Other reasons: \_\_\_\_\_

8. Have you visited Mongolia before? No <sup>1</sup> Yes <sup>2</sup>

9. If yes, how many times have you visited Mongolia before?

- 1 visit before <sup>1</sup> 2 visits before <sup>2</sup> 3 or more visits before <sup>3</sup>

10. What were your main sources of information on Mongolia?  
(SHOW SOURCE OF INFORMATION CARD - Multiple answers allowed)

- Friends / Relatives <sup>1</sup> Travel guidebooks <sup>5</sup>  
 Previous visits <sup>2</sup> Special Magazines <sup>7</sup>  
 Travel Agent / Tour Operator <sup>3</sup> Business / Official <sup>6</sup>  
 Internet Information (web-sites) <sup>4</sup> Other sources (specify) <sup>9</sup>  
 TV, Radio, Newspapers <sup>5</sup> \_\_\_\_\_

**TRAVEL BEHAVIOUR QUESTIONS**

11. Are you accompanied or travelling alone on this trip?

- Alone <sup>1</sup> Accompanied <sup>2</sup>

IF YES: CONTINUE IF NO: GO TO QUESTION 13

12. If accompanied, who else is travelling with you?  
(multiple answers allowed)

FAMILY MEMBERS

Spouse/Partner	
Number of family children	
Number of family adults	

NON-FAMILY MEMBERS

Number of other adults	
Number of children	
TOTAL	

ADULTS : 18 years of age and above  
 CHILDREN : under 18 years of age

13. Apart from Mongolia, are you visiting other countries on this trip?

- No <sup>1</sup> Yes <sup>2</sup>

IF YES: CONTINUE IF NO: GO TO QUESTION 15

7. Holiday Code

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Other Reasons

\_\_\_\_\_

8. Code

9. Code

10. Information codes

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

11. Code

12.

Interviewed	<input type="checkbox"/>
Spouse/partner	<input type="checkbox"/>
Children (family)	<input type="checkbox"/>
Adults (family)	<input type="checkbox"/>
Adults (other)	<input type="checkbox"/>
Children (other)	<input type="checkbox"/>
GRAND TOTAL	<input type="checkbox"/>

13. Code

14. If yes, what are the other countries you are visiting on this trip?  
And how many nights did you spend each place ?

	Write name of country	Nights	Write name of country	Nights
1			3	
2			4	

14.

Code	Nights	Code	Nights

15. Which of the following places, national parks and attractions did you visit while in Mongolia? And how many nights did you spend each place ?  
(if on a day-trip to a certain place, write 0 in the blank for nights)  
(SHOW ATTRACTION CARD - multiple answers allowed)

	Tick	Nights		Tick	Nights
Ulaanbaatar	<input type="checkbox"/> 1	<input type="text"/>	Khuvsgol	<input type="checkbox"/> 5	<input type="text"/>
Terelj	<input type="checkbox"/> 2	<input type="text"/>	Arhangal / Horgo	<input type="checkbox"/> 7	<input type="text"/>
Kara-Korum	<input type="checkbox"/> 3	<input type="text"/>		<input type="checkbox"/> 8	<input type="text"/>
Gobi	<input type="checkbox"/> 4	<input type="text"/>		<input type="checkbox"/> 9	<input type="text"/>
Hentii	<input type="checkbox"/> 5	<input type="text"/>		<input type="checkbox"/> 10	<input type="text"/>

15.

Code	Nights	Code	Nights

16. Are you travelling on a package tour or did you make your own travel arrangement?

Package tour  1      Own arrangement  2

IF PACKAGE TOUR : CONTINUE  
IF OWN ARRANGEMENT : GO TO QUESTION 20

16. Code

**EXPENDITURE PATTERNS QUESTIONS**

17. Visitors travelling on PACKAGE TOURS ONLY.

How much did you pay for your package tour including yourself/and your family members, if any?

Amount       Currency

ALSO ASK: How many persons does this expenditure cover?

17. Amount

Currency

Persons

18. Apart from the international airfare, what else did the package include?

Accommodation	<input type="checkbox"/> 1	Domestic ground transportation	<input type="checkbox"/> 4
Meals	<input type="checkbox"/> 2	Sightseeing tours/excursions	<input type="checkbox"/> 5
Domestic air fares	<input type="checkbox"/> 3	Entertainment	<input type="checkbox"/> 6
Other services (specify):			<input type="checkbox"/> 7

18. Codes

<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

Type text in data base

19. Does the price of the package tour include any stays in other countries?

No  1      Yes  2

NOW GO TO QUESTION 21

19. Code



20. Visitors travelling on OWN ARRANGEMENT only

a. Apart from the airfare, have you paid in advance for any other services?

No <sup>1</sup> Yes <sup>2</sup>

b. If yes, state which services and, if possible, the cost of the individual services (the cost for the whole family, if in a family group).

	Tick	Amount	Currency
Accommodation	<input type="checkbox"/> a		
Meals	<input type="checkbox"/> b		
Domestic air fares	<input type="checkbox"/> c		
Domestic ground transportation	<input type="checkbox"/> d		
Sightseeing tours/excursions	<input type="checkbox"/> e		
Other services	<input type="checkbox"/> f		

ALSO ASK: How many persons does this expenditure cover?

21. ALL VISITORS

In all, how much did you (and your family members travelling with you, if any) spend during your stay here in Mongolia (excluding all pre-paid expenditure items)?

Amount  Currency

ALSO ASK: How many persons does this expenditure cover?

22. Try to give a breakdown of your total expenditure in Mongolia, to the best of your recollection, according to the following broad categories (excluding all pre-paid expenditure and items included in package tours):

Category	Amount	Currency
i Accommodation (including room charges, food/beverage and other services)		
ii Restaurants and bars outside places of stay		
iii Organised sightseeing tours, excursions and activities (incl. tour transportation)		
iv Other/separate domestic ground transportation (car-rental, petrol, taxi)		
v Other/separate domestic air transportation		
vi Handicraft (e.g. paintings/drawings; carvings ethnic costumes; jewellery; souvenirs)		
vii Textiles, clothes, leather products, cashmere and camel wool products		
viii Other spendings (guide fees, shopping at food/beverage stores, etc.)		
ix TOTAL AMOUNT (Same as Question 21)		

ALSO ASK: HOW MANY PERSONS DOES THIS EXPENDITURE COVER?

Persons covered

20a. Code

20b.

	Amount	Currency
a		
b		
c		
d		
e		
f		

Persons covered

21.

Amount

Currency

Persons covered

22.

	Amount	Currency
i	<input type="text"/>	<input type="text"/>
ii	<input type="text"/>	<input type="text"/>
iii	<input type="text"/>	<input type="text"/>
iv	<input type="text"/>	<input type="text"/>
v	<input type="text"/>	<input type="text"/>
vi	<input type="text"/>	<input type="text"/>
vii	<input type="text"/>	<input type="text"/>
viii	<input type="text"/>	<input type="text"/>
ix	<input type="text"/>	<input type="text"/>

Persons covered

**VISITOR RATING QUESTIONS**

23. If you have used any of the following facilities and services, how would you in general rate their standards?  
(SHOW RATING CARD)

Would you say it was:

Excellent	<input type="checkbox"/>	1
Good	<input type="checkbox"/>	2
Adequate	<input type="checkbox"/>	3
Moderate	<input type="checkbox"/>	4
Poor	<input type="checkbox"/>	5

(Mark the answers in appropriate boxes below)

Services from local Tour Operator	<input type="checkbox"/> a	Guide services	<input type="checkbox"/> g
Hotels	<input type="checkbox"/> b	Shopping	<input type="checkbox"/> h
Ger camps	<input type="checkbox"/> c	Availability of handicraft items	<input type="checkbox"/> i
Restaurants	<input type="checkbox"/> d	Quality of handicraft items	<input type="checkbox"/> j
Local transport (ground)	<input type="checkbox"/> e	Price levels (value for money)	<input type="checkbox"/> k
Local transport (air)	<input type="checkbox"/> f		

23.

Facility	Rating	Facility	Rating
	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>		<input type="checkbox"/>
	<input type="checkbox"/>		<input type="checkbox"/>

24. Overall, how would you rate your stay in Mongolia?  
(SHOW RATING CARD)

Would you say it was:

Excellent	<input type="checkbox"/>	1
Good	<input type="checkbox"/>	2
Adequate	<input type="checkbox"/>	3
Moderate	<input type="checkbox"/>	4
Poor	<input type="checkbox"/>	5

23.

Rating code

25. Did your stay fulfil your expectations?

Yes  1    Partly  2    No  3

25.

Rating code

26. How likely is it that you will return to Mongolia for a holiday visit during the next five years?  
(SHOW CARD)

Very likely	<input type="checkbox"/>	1
Likely	<input type="checkbox"/>	2
Uncertain	<input type="checkbox"/>	3
Unlikely	<input type="checkbox"/>	4
Very unlikely	<input type="checkbox"/>	5

26.

Code

27. Would you recommend Mongolia for your friends and relatives for a holiday visit?

Yes  1    Perhaps  2    No  3

27.

Code

28. What is

(a) your best memory/experience of Mongolia ?

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(b) your worst memory/experience of Mongolia ?

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29. Do you have any suggestions or comments to improve tourism in Mongolia ?

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28.

(a) Type text in data base

(b) Type text in data base

29. Type text in data base

## **A4.4 Domestic Tourists**

### **A4.4.1 Estimates in Domestic Tourists**

Estimates on the number of domestic visitor arrivals in registered tourists establishments throughout the country are far from being possible for the reasons that no such number has been collected by the authorities concerned such as the Tourism Department, and that organized or F.I.T. tour products for domestic possible general traveling public are not marketed yet by tour companies.

Once in the socialist government days, there existed non-commercial domestic tours like subsidized study-trip for school children, fringe-benefit type recreational tours for factory employees, or hierarchies privileged trip to some resort facilities, which were owned and managed by the state.

Many travel companies, currently exclusively engaged in receiving foreign tourists, know once the subsidized domestic travel existed. As being in tour business in private sector, they more or less like to wait till the Mongolian economy gets bettered and would-be general traveling public's income and living standard gets upward. They are aware that the growth of domestic tourism in the long run is most likely to follow the GDP growth.

### **A4.4.2 Characteristics of Domestic Tourism**

No commercialized (publicized) domestic tourism as packaged or organized tours by travel agencies are not recognized.

From ancient times, the nomadic Mongols have been great travelers, going far and near by horses and other cattle, not just to survive but for other purposes such as to attend naadam held in UB or in their aimag capital or sum center.

The majority of the public in need of going somewhere rely on their own car, public transportation such as MIAT domestic flight, long-distance bus or Trans-Mongolian train, or cattle as horse, camel or yak. In most of cases they do not use commercial accommodation, but stay at friend's or relative's place (\*V.F.R., Visit friends and relatives). Exceptions are the case business-related visitors may stay at some commercial hotels in UB or other *aimag* cities.

Following activities are considered as a part of domestic tourism, for which development has yet reached cradle age:

- Naadam Festival in Ulanbaatar (UB), taken place in July every year

In country centers close to Ulanbaatar, they hold Naadam festivities the week before or after the major festival in UB so that they can participate in both the local and national event. They will come to UB, some with horses to take part in horse racing. Around the Naadam Stadium or in Yarmag village (where horse racing takes place), many temporary gers or tents are set up by Naadam participants or visitors from rural areas. A chance for tour companies to get Naadam integrated into their possible domestic tour business is very remote. Any tour companies (and operators) are reluctant to handle Naadam related-domestic travel business, being in the ultimately busiest season when they can make a great turnover by receiving lucrative foreign tourist groups or F.I.T.s.

- Some UB citizens make weekend trips to suburban resorts such as Terelj with their families

or friends, staying at a tourist hotel or ger, regardless of high or low tourist season. The largest tour company (land operator) in Mongolia has expressed their positive idea for week-end tour package to nearby resorts (such as Terelj) for UB citizens, now that Mongol nationals can have descent Saturday and Sunday week-end off thanks to the government ruling made on January 1st, 1988, and that some UB family likes to go to such nearby resort for week-end, but they do not own car.

- visiting a spa-health resort as Khujirt or Shargaljuut by the locals in vicinity for treatment of arthritis or other aches, some taking own tents and foods. This may develop into organized or packaged health-care domestic tour.
- summer camp for children (in outskirts of Choybalsan, bungalow-typed facility exists overlooking scenic Kherlen River and steppe (for a week stay, 4,000 togrog paid by parents, and rest 7,000 togrog subsidized by the authority). In future, such may develop into school excursion, overnight or few nights, for cultural or nature study or other educational purposes.
- one day trip in the following manners:
  - visiting picnicking grounds on the suburbs of cities on weekends
  - visiting Tuul River shores in UB for pastime such in as swimming with family or friends in warmed-up summer days
  - visiting cultural sites nearby such as museums, theaters, art galleries, etc.
  - visiting recreational or amusement parks

## A.5.5 Tourism Industry

### A.5.5.1 Tourism Products

#### 1) Tour Packages

According to the examination of the existing 93 tour packages on market they are classified into five types, as it is shown in the Table A5.5.1, by duration of tours within Mongolia. It should be noted however that the numbers shown in the table do not represent exact pattern of tourist movements as they are merely the number of tour packages offered and not the actual number of tourists taking part in these tours. Nevertheless, they are indicative of what are popular at least in the mind of tour operators in Mongolia.

Table A5.5.1 Tour Package Types

Duration of Tours (days)	No. of Package	Remarks
Less than 3 days	27 (29.0%)	Classical Transit and weekend Tourism
4 - 7	45 (48.4%)	Major round tour type for Japanese
8 - 11	11 (11.8%)	
12 - 15	9 (9.7%)	
More than 16 days	1 (1.1%)	Long Adventure Tour
Total	93 (100.0%)	

Source: JICA Study Team 1998

#### (1) Ordinary Package Tours

Among them, four to seven days tour programs are the most popular package and share 48%. Main destinations of this type of package are UB and its suburbs, South Govi, Harhorin and Hovsgol areas. Most of tours to Harhorin and Govi are based in UB and extended to the destinations in two or three days trips. Tours to Hovsgol are long round trip starting and ending at UB. Some of the packages are focused only on horseback riding which are very popular among the Japanese tourists. They stay in the camps in the suburb and UB city tour is not always included. The most of the group tour packages sold in Japan are based on this type of package and composed into 8 or 9 days tour programs including traveling to/from Mongolia.

A typical tour program of tour packages on market in Japan is ;

- Day-1 : Arrival in UB
- Day-2,3 : Trip to Harhorin
- Day-4 : Return to UB
- Day-5,6 : Trip to Govi
- Day 7 : Return to UB
- Day-8 : Departure from UB

A typical horseback riding program is;

- Day-1 : Arrival in UB
- Day-2 to 6 : Horseback riding
- Day-7 or 8 : UB city tour or Departure

## **(2) Short Transit Tours**

The Classical Transit tour packages, short programs less than 3 days are still important to agencies in UB. The main programs of the packages are UB city tours, one night quick trip to Harhorin or Govi. They were originally produced for the transit passengers of the Trans Siberian Railway who arrived from USSR or China and spent one or two nights for the transit in UB.

For example, the shortest two days transit tour program is as follows;

- Day 1: Arrival in UB by train. Pick up and guided city tour before checking in at hotel.
- Day 2: Transfer to the railway station.

Recently, European transit tourists arriving from Russia and going to China or vice versa by the Trans-Siberian Railway during the winter season became very helpful income generators during the low season. It is nowadays, the short stay businessmen, foreign residents in UB and domestic tourists are important customers of those short tour packages.

## **(3) The Longer Tour Products**

Long Tours, more than 8 days, are categorized into two different types of programs. One is to extensively travel over the country and visiting major cultural monuments around in the country such as museums, ancient monastery and temples and enjoy natural beauty of landscape, mountain and steppe, camping in the desert, visiting nomads family and experience their typical Mongolian life style. Activities may include sporting factors such as horseback riding, camel riding, camel caravan and jeep touring. Some are long round trip of 2 weeks to the north, through Darkhan and to Hovsgol lake or/and to the south, start desert trip from Harhorin and traverse Manda Govi and return to UB again. A camel caravan tours in Govi for 2 weeks start from Bayangovi or Bayanhongor and trekk over South Govi or Altai area.

## **(4) Special Interest Tours**

Another long tour is more of a sporting nature Special Interests Tourism (SIT), such as motor cycle touring from UB and through the eastern provinces, Govi, Harhorin, Hovsgol lake and coming back to UB. Activities may include canoeing, kayaking, rafting, fishing, in rivers and lakes, hunting, trekking and mountaineering in the western region. Watching animals, plants, insects and stars, photographing, archaeological exploration of Dinosaurs fossil are also popular scientific nature exploration SIT tour programs. And visiting Chinggis Khan's trail, ancient sites in Hentii and some other provinces are historical SIT as well. One of the tour operators in UB is specialized only in archaeological SIT and handling many archaeological tours in cooperation with the archaeological societies in USA, Europe and Japan. The Camel Trophy Adventure Rally held in Mongolia in 1994 and Steppe Car Rally in 1996 gave new idea to the tour product planners to develop motor sports event as a new SIT tour product.

## **2) Destinations and Attractions of Organized Tours**

Tour destinations by regions, and attractions included in the currently offered 93 organized tour packages are summarized in Table A5.5.2. Comparison of selected destinations and attractions may illustrate the popularity and marketability. The number in the table shows how many tour packages selected the destinations and attractions as their components of the packages. However, it cannot be known the number of the packages sold nor visitors from this table. Some of the destinations and attractions may be counted twice because some operators take their customers to

the camps owned by other companies and both of the companies count the tourists as their customers.

**Table A5.5.2 Destinations and Attractions of the Packaged Tours**

	UB	UB Suburb	Harhorin	South Govi	Dadal Henti	Altai/West	East. Region	North	Ilovsgol	Total
Museum/Gallery	38	8		7		1	2	2	1	59
Historic Monuments	39	10	26		5		2	2		87
Traditional Culture	11	6	3		1		1		2	25
Naadam Festival	6									6
Transit / Free Time	93	3								93
Nomads Life		8	16	30		5	2	2	4	67
Nature/Landscape		19	19	28	1	4			4	75
Dinosaurs Fossil				16		4				20
Saksaul Forest			2	2			1			5
Wildlife		3	5	9		2			4	25
Horse/Camel Riding		18	8	11		1			3	41
Hiking/Trekking		3	2	8			1	1	6	21
Mountaineering						4				4
Caravan		3	5	3			2		1	14
Cave Exploration		1					2			3
Jeep Tour		1		1	1		1		4	8
Motor Cycle		2			1		1			4
Hot Air balloon		1								1
Canoe/Kayak/Boat									3	3
Rafting		1				1				2
Fishing		3				2			4	9
Photographing				4		1	1			6
Cashmere Outlet	2									2
<b>Total</b>	<b>189</b>	<b>90</b>	<b>86</b>	<b>119</b>	<b>9</b>	<b>25</b>	<b>18</b>	<b>8</b>	<b>36</b>	<b>580</b>

Source: JICA Study team, 1998

It is shown in the above table that all the 93 programs feature UB as a place to transit or spend free time. There are 16 packaged tours which do not provide a city tour in Ulan Baatar because UB is just one night transit place for those tourists to move on to their following destinations next early morning.

### (1) Cultural Tour Products

The religious monuments of Lama Buddhism and the remains of ancient Mongolian Empire are the main cultural attractions in Mongolia. The visits to Gandan Temple monasteries, Bogd Khaan and Chojin Lama palaces, museums of Natural History and National History in the city are main cultural programs of UB city tour packages. However, a visit to horse and camel breeding nomad families, which are included in many tour packages, is also one of the most important cultural attractions in Mongolia because this really is a special attractive cultural programs that the tourists can experience only in Mongolia.

The traditional music and dance performed in the Nairandal Park Theater and some Tourist Gers, opera, ballet and concerts performed in the State Opera and Ballet Theater are also among Mongolia's important artistic tourism resources.

### (2) Sports Tour Products

The sports activities are one of the most important attractions. Many are offered, some extensively some other on a limited scale, including horse and camel riding, hiking, trekking and mountaineering, caravan tours, jeep and motorcycle touring, hot air balloon in the vast



steppes, canoeing, kayaking, boating, rafting and fishing on the rivers and lakes.

### **1. Horseback Riding and Camel Caravan Tours**

Horseback riding is the very popular sports program for the Japanese tourists. They are included in many tour packages and 30% of Japanese tourists arrived for riding purpose. It is supposed that mostly half of the Japanese tourists experienced horseback riding in Mongolia at least once. Some tour packages are focused only on the horseback riding in the suburbs of UB. The horses and camels are hired from local nomads and contributing for nomads to generate incomes. It is also a good occasions for tourists to meet nomads people and experience a piece of their traditional life. It will assist tourists to understand traditions and culture of Mongolia.

Horse and camel caravan tours programs are categorized into two different types. One is for the experienced repeaters and travel for one week in the steppe and desert with accompanying vehicles which transport tents and catering supplies. The another is a short horse trekking for the final stage of the horseback riding courses for beginners.

### **2. Jeep and Motorcycle Touring**

At present, jeep caravan tours and motorcycle tours are undertaken by several tour operators in UB. Most of them start from UB and tour to the northern area including Hovsgol lake or to the southern area including Harhorin and Govi for one week. A tour group consists of approximately 10 persons with accompanying vehicles for transport of the camping equipment, mechanics and first aid team. The motorcycle tours are also popular among young Japanese tourists. They are mostly focused on only motorcycle touring and other attractions are not included in their tour packages. Some motorcycle tour programs travel around the country for two weeks.

### **3. Hot Air Ballooning**

Hot air ballooning may be a marketable tourism attraction in Mongolia. At present it is being undertaken by only one operator, a sister company of one of the Japanese tour agencies in Tokyo which is keen in flying sports. Since the Japan Aeronautic Sports Association held The International Hot Air Ballooning Festival in Mongolia in 1997, it is known as one of the tourism attractions. Pilots, and all the equipment including fuel propane gas were imported from Japan and flew near by the ger camp of the operator in Undersheert area, approximately 150km south-west of UB. They fly balloon for tourists once or twice everyday by the tourist camp. The pilots and equipment are Japanese and staying in the tourist ger camp from middle of June to August. A local tour operator provides land transport service from UB to the site and medical staff.

In 1996, they flew 3 balloons, but only one in 1997 because of their financial reason. The pilots are responsible in operation, maintenance and safety. The medical doctor is provided in the camp site for a first aid. Prior to ballooning a pre-notice of flight is informed to Mongolian Authorities by the local tour operator. But normally it is only a notice because their flying altitude is so much different from altitude of aircraft. After the landing of balloon, the balloon is collected by vehicle of the local operator and brought back to the camp site in Undersheert.

Insurance for the tourists is totally depend on the tourists' own travel insurance and all kinds of compensation are covered by them. At present insurance system for tourists is being discussed in MTA but it is not yet materialized.

## A5.5.2 Major Components of Tourism Industry

### 1) Tourism Agencies,

The number of tourism agencies in Mongolia became over three hundred by July, 1998 with little guidance and control ( it was 288 in April). Among those 300 agencies, 100 companies are devoted to tourism agencies the remaining 200 companies operate some other business too, such as trading and retailing. The Study Team selected 13 major tourism agencies in UB, which handle 90% of 21,000 holiday visitors arrived in 1997 and conducted questionnaire and interview survey. Table A5.5.3 shows 13 major tourism agencies in Mongolia.

Table A5.5.3 Major Tourism Agencies in Mongolia

No.	Name of Companies	MTA	Paid Capital (1,000\$)	Permanent Employees	Part time Staff	No. of Tourists 1997	Nationality of the Tourists (%)							
							Jpn	USA	Ger	Fra	Brit	ANZ	Kor	Others
1.	Jamatokho Tour	X	100.0	7	10	800	88	1	1	-	-	-	-	10
2.	Juulchin Foreign tourism	O	2,400.0	130	70	5,200	40	8	12	2	-	-	3	-
3.	MAT Tour	O	150.0	14	20	600	2	17	50	25	-	-	-	6
4.	MIAT Tour	O	103.0	6	25	1,000	60	-	15	-	-	-	25	-
5.	Mongol tour	O	567.0	7	20	2,000	-	20	20	-	30	30	-	-
6.	Mongolian Adventure Tours	O	83.0	5	10	400	20	20	-	60	-	-	-	-
7.	Mon-nichi Tours	O	100.0	8	10	900	100	-	-	-	-	-	-	-
8.	Nature tour	O	127.0	21	80	2,000	50	-	25	10	-	-10	-	30
9.	Nomadic Expedition	O	130.0	12	28	800	-	75	-	-	-	25	-	-
10.	Nuht Ecological Tours	O	1,742.0	55	45	1,000	95	-	-	-	-	-	-	5
11.	Shilin Tours	O	76.5	6	9	200	100	100	-	-	-	-	-	-
12.	Shuren	O	300.0	40	35	1,500	65	-	10	-	15	-	-	10
13.	TNF International	O	50.0	6	30	700	95	95	1	1	1	-	1	1

Source: JICA Study Team, 1998

According to the survey of The Study team in Tokyo, the following three are the major tour operators of tours to Mongolia and they sent Japanese tourists to Mongolia. Numbers of handled tourists in 1997 are;

1) Santoku Enterprise	3,500
2) JES Tour Co.,Ltd.	4,000
3) Kaze Tour Co.,Ltd	600
<b>Total</b>	<b>8,100</b>

Most of packaged tours to Mongolia have been operated mainly by above three small scale tour operators because Mongolia opened the door to western world tourists very recently and the Japanese market was developed only in 1992 by those small agencies by friendship basis. Number of holiday tourists became nowadays over 20,000 but it was less than half until 1996 and those tours were produced by the small operators and sold to other bigger travel agencies such as JTB, Juulchin Mongol Tours and Japan Air charter.

At present most of the tourism agencies in Mongolia are based in Ulaan Baatar and many of them manage camp sites and local employees in the provinces. In their headquarters in UB, there are only management and a limited number of sales staff and drivers as permanent employees due to the strong seasonal fluctuation in the business. But 70 to 150 guides and service staff at tourist camps are recruited as part time staff only during the summer season, middle June to early

September, during which tours are actually operated by non-employee temporary staff on site.

## 2) Tour Guides

It is still short in number and quality. According to the survey by the Study team, there are approximately 100 employed guides and 300 part time guides registered to the tourism agencies. Most of the part time guides are free lanced and hired individual basis in UB and accompany tourists to the destinations. Most of the guides who have good language capability are looking for a post as permanent employee in foreign companies because of the good salary and stable job. This is one of the reasons why it is difficult to find a good guide especially in the regional cities. The available foreign languages of the hundred employees were Japanese (21), English (55), German (14) and French (8). Russian is still widely spoken in Mongolia.

At present there is no qualification, license nor professional unions. The most of guides have little knowledge in history and culture of the country, probably because of the long cultural suppression. They are employed by tourism agencies only by the language capability and their knowledge in subjects such as history and culture are not asked so that any persons who have a little knowledge of foreign language are accepted as the registered guides. Therefore many of them are incapable to fully satisfy the historical and cultural interests of the foreign tourists. Some guides could present only material of the exhibited Buddha statues and other exhibited items.

## 3) Souvenir and Handicraft Shops

The handicraft and souvenir goods sold at the shops are mostly identical. They are fur and cashmere products, miniatures of a ger, dolls, silver ware, traditional musical instruments, CDs and cassette tapes of traditional Mongolian music and video, paintings, sculptures replicas of ancient coins and antiquities. There are some wood curvings of animal which were imported from the Philippines. The most critical element is the display of the goods in the showcase. It is generally poor and does not look attractive enough to the customers. It should be improved urgently before the next tourism season.

It is recommended to hire the young painters and students and ask them to design the souvenir goods and exhibit with modern idea and neat arrangement of the showcase.

Production of handicraft goods is mostly undertaken by individual basis in small cottage manufacture except some products such as cashmere and fur products. The craftsmen are not organized into professional union or association and the goods are produced at home and brought to market by the craftsman himself. The individual production system results low productivity and low incomes and it is threatening the upgrading of their production technique. In addition, absence of training facilities prevent preservation of the traditional design and technique and improvement of their skills so that the young workers need to learn the tradition and technique by themselves through the working process at their workshop.

## 4) Restaurants

There were 139 restaurants registered in UB municipality by the end of 1997 and the number of restaurant increased to 203 in July, 1998. They are classified to ;

A Class restaurant	44 ( 21.7% )
B Class restaurant	48 ( 23.6% )
C Class restaurant	46 ( 22.7% )

Classified as D and E	65 (32.0%)
Total	203

The foreign restaurants exist only in UB and its number and variety are increasing quickly. In 1998, there are some Japanese, Chinese, Korean, Indian, Russian, Italian, French, Turkish and East European restaurants. However, comparing to the number of foreign tourists and business travelers in UB, mostly 10% of population of the city such as 11,100 Japanese (13.7%), 32,500 Chinese (40.2%) and 30,800 Europeans and Americans (38.1%) in 1997, foreign restaurant should be increased in UB and major regional cities.

Most of them are opened very recently, within these few years, and the all have difficulties to recruit experienced good cooks for the foreign cuisine. In some restaurants they have trained cooks by foreign owners and others sent abroad for learning such as China, Korea and Japan but their skill is not yet transplanted in Mongolia. Only night clubs adopted American bar style pretty well in UB, but service level of their staffs are far from international standard.

### 5) Spread Effect of Tourist Expenditure

By a linear regression analysis for the national disposable incomes (X) and the national final consumption expenditures (Y) between 1993 and 1997 as shown in Table A 5.5.4, the following regression equation is obtained:

$$Y = 0.8858X + 2035.4 \text{ (R}^2: 0.998, F: 0.861582, t: 0.006297)$$

Both the F -test and t-test verify the significance of this equation. The marginal propensity to consume (MPC) in Mongolia is the coefficient of X, i.e. 0.88, and therefore the theoretical investment multiplier is estimated at 8.33 (=1/(1-MPC)).

**Table A5.5.4 Disposable incomes and Final Consumption Expenditures**

	1993	1994	1995	1996	1997
Disposable income (X)	162,230	279,581	378,561	528,463	668,495
Final consumption expenditure (Y)	145,608	251,254	335,640	469,810	594,791

Unit: Tog million

Source: Mongolian Statistical Yearbook, 1997 & JICA Study Team

The JICA Study Team also estimated the spreading effects of the tourist expenditures by analyzing income and expenditure structures of the major components in the tourism industry, which included consideration of the leakage to abroad.

The following three stages are considered in order to estimate the spreading economic effects:

- 1) direct spending by tourists or their agents;
- 2) local portion of costs paid by the tourism industry to suppliers of goods and services; and
- 3) local portion of costs paid by the suppliers to their sub-suppliers of goods and services

The analysis was conducted based on the following assumptions:

- Provisional multipliers of the tourism industry components are estimated as:  $\frac{[\text{direct tourist expenditure}] + [\text{consumption and local portion of expenditure on costs in the second stage}] + [\text{consumption and local part of expenditure of costs in the third stage}]}{[\text{direct tourist expenditure}]}$ .

- Spreading effects of the value added, which includes personnel expenses and profits, are incorporated only once as consumption from the value added, although part of the value added may be spent for investment.
- All of the tourist expenditure for tourist expenditures for tour guides, tips, taxes and entrance fees is considered as value added.
- The average propensity to consume: [final national consumption expenditure in 1997] / [national disposable income in 1997] = 0.88, is applied as the consumption ratio to the total value added.
- The provisional multiplier of the tourism industry as a whole is estimated as the weighted mean of all the provisional multipliers of the tourism industry components.

Table A5.5.5 illustrates the results of this analysis. The provisional multiplier of the tourism industry as a whole is obtained as 4.09. Using this figure, the spreading effect of the leisure tourist expenditure is estimated at US\$147 million.

**Table A5.5.5 Provisional Multipliers of Tourism Industry in Mongolia**

	Distribution	Multiplier	Impact
Hotel (Accommodation & Meal)	0.47	5.229	2.457
Restaurant	0.06	3.165	0.189
Souvenir Shops	0.17	3.362	0.571
Tour Operator (including transport, tour guide, etc.)	0.30	2.924	0.877
Total	1.00		4.096

Source: JICA Study Team

Table A5.5.6 shows the results of the spreading effect analysis and Table A5.5.7 to A5.5.10 show the breakdown by categories of tourism industry.

**Table A5.5.6 Spread Effect of Leisure Tourist Expenditure in 1997**

	Multiplier	Benefit (US\$ million)
Direct spending	1.00	36
Spreading effect		
By theoretical multiplier	8.33	299
By provisional multiplier	4.09	147

Source: JICA Study Team

Table A5.5.7 Spreading Effect Structure: Restaurant

1st Stage		2nd Stage				3rd Stage			
Items	Ratio	Items	Ratio	Local	Impact	Items	Ratio	Local	Impact
Cost excl. payroll	0.85	Purchase of Goods	0.588	0.700	0.350	Value-added	0.300	0.700	0.264
		Other expense	0.329	1.000	0.280	Cost	0.700	0.700	0.245
		Utility	0.035	1.000	0.030	Value-added	0.100	0.500	0.098
		Tax	0.035	1.000	0.030	Cost	0.900	0.700	0.018
		Promotion	0.011	1.000	0.010	Value-added	0.400	0.500	0.352
Value-added	0.15				0.132				
Sub-total	1.00				0.832				1.332
TOTAL									3.164

Table A5.5.8 Spreading Effect Structure: Souvenir (1/2)

1 st Stage		2nd Stage			3 rd Stage		
Items	Ratio	Items	Local	Impact	Items	Local	Impact
Cost excl. payroll	0.97	Purchase of Goods (Domestic Maker)	1.000	0.257	Value-added	0.300	0.264
					Cost	0.700	0.175
		Purchase of Goods (Import Agent)	1.000	0.329	Value-added	0.200	0.176
					Cost	0.800	0.000
		Purchase of Goods (Others)	1.000	0.309	Value-added	0.200	0.176
					Cost	0.800	0.072
		Utility	1.000	0.015	Value-added	0.100	0.088
					Cost	0.900	0.009
		Promotion	1.000	0.005	Value-added	0.400	0.352
					Cost	0.600	0.002
Tax		1.000	0.067	Value-added		0.000	
				Cost		0.000	
Others		0.500	0.017		0.200	0.176	
					0.800	0.007	
Value-added	0.03						
Sub-total	1.00			0.026		1.497	
TOTAL				0.990		3.489	

Table A5.5.8 Spreading Effect Structure: Souvenir (2/2)

1 st Stage		2nd Stage			3 rd Stage			
Items	Ratio	Ratio	Local	Impact	Items	Ratio	Local	Impact
Cost excl. payroll	0.78	Purchase of Goods (Domestic Maker)	0.0000	1.000	0.000	Value-added	0.300	0.264
						Cost	0.700	1.000
		Purchase of Goods (Import Agent)	0.0000	1.000	0.000	Value-added	0.200	0.176
						Cost	0.800	0.000
		Purchase of Goods (Others)	0.2994	1.000	0.234	Value-added	0.200	0.176
						Cost	0.800	0.300
		Utility	0.3077	1.000	0.240	Value-added	0.100	0.088
						Cost	0.900	0.700
		Promotion	0.1623	1.000	0.127	Value-added	0.400	0.352
						Cost	0.600	0.500
		Tax	0.0004	1.000	0.000	Value-added		0.000
						Cost		0.000
		Others	0.2333	0.500	0.091		0.200	0.176
Value-added	0.22			0.194				
Sub-total	1.00			0.885			1.477	
TOTAL							3.362	



Table A.5.5.9 Spreading Effect Structure: Hotels (1/2)

1st Stage		2nd Stage				3rd Stage			
Items	Ratio	Items	Ratio	Local	Impact	Items	Ratio	Local	Impact
Cost excl. payroll	0.84	Purchase of Foods (Domestic maker)	0.065	1.000	0.055	Value-added	0.400	0.800	0.352
						Cost	0.600	0.800	0.026
		Purchase of Foods (Import agent)	0.042	1.000	0.035	Value-added	0.400	0.000	0.352
						Cost	0.600	0.000	0.000
		Purchase of Foods (Retail shop)	0.179	1.000	0.150	Value-added	0.300	0.600	0.264
						Cost	0.700	0.600	0.063
		Purchase & Maintenance of furniture (Domestic)	0.018	1.000	0.015	Value-added	0.400	0.800	0.352
						Cost	0.600	0.800	0.007
		Purchase & Maintenance of furniture (Import)	0.071	1.000	0.060	Value-added	0.450	0.000	0.396
						Cost	0.550	0.000	0.000
		Purchase of Sanitary Goods (Domestic)	0.003	1.000	0.002	Value-added	0.300	0.800	0.264
						Cost	0.700	0.800	0.001
		Purchase of Sanitary Goods (Import)	0.005	1.000	0.004	Value-added	0.300	0.000	0.264
						Cost	0.700	0.000	0.000
		Vehicle Operation and maintenance	0.010	1.000	0.008	Value-added	0.300	0.300	0.264
						Cost	0.700	0.300	0.002
		Utility	0.090	1.000	0.076	Value-added	0.100	0.700	0.088
						Cost	0.900	0.700	0.048
		Promotion	0.012	1.000	0.010	Value-added	0.400	0.400	0.352
						Cost	0.600	0.500	0.003
		Tax	0.190	1.000	0.160	Value-added			0.000
						Cost			0.000
		Others	0.316	0.500	0.133	Value-added	0.200	0.200	0.176
						Cost	0.800	0.500	0.106
Value-added	0.16				0.141				
Sub-total	1.00				0.848				3.381
TOTAL									5.229

Table A5.5.9 Spreading Effect Structure: Hotels (2/2)

1st Stage		2nd Stage			3rd Stage					
Items	Ratio	Ratio	Local	Impact	Items	Ratio	Local	Impact		
Cost excl. payroll	0.88		0.094	1.000	0.083	Value-added	0.400	0.800	0.352	
		Purchase of Foods (Domestic maker)				Cost	0.600	0.800	0.040	
		Purchase of Foods (Import agent)		0.054	1.000	0.047	Value-added	0.400	0.000	0.352
						Cost	0.600	0.000	0.000	
		Purchase of Foods (Retail shop)		0.062	1.000	0.054	Value-added	0.300	0.600	0.264
						Cost	0.700	0.600	0.023	
		Purchase & Maintenance of furniture (Domestic)		0.006	1.000	0.005	Value-added	0.400	0.800	0.352
						Cost	0.600	0.800	0.003	
		Purchase & Maintenance of furniture (Import)		0.027	1.000	0.024	Value-added	0.450	0.000	0.396
						Cost	0.550	0.000	0.000	
		Purchase of Sanitary Goods (Domestic)		0.182	1.000	0.160	Value-added	0.300	0.800	0.264
						Cost	0.700	0.800	0.090	
		Purchase of Sanitary Goods (Import)		0.090	1.000	0.076	Value-added	0.300	0.000	0.264
						Cost	0.700	0.000	0.000	
		Vehicle Operation and maintenance		0.033	1.000	0.028	Value-added	0.300	0.300	0.264
						Cost	0.700	0.300	0.006	
Utility		0.067	1.000	0.056	Value-added	0.100	0.700	0.088		
				Cost	0.900	0.700	0.037			
Promotion		0.004	1.000	0.003	Value-added	0.400	0.500	0.352		
				Cost	0.600	0.500	0.001			
Tax		0.155	1.000	0.150	Value-added			0.000		
				Cost				0.000		
Others		0.270	0.500	0.113	Value-added	0.200	0.500	0.176		
				Cost	0.800	0.500	0.095			
Value-added	0.12			0.106						
Sub-total	1.00			0.887				3.418		
TOTAL								5.305		

Table A5.5.10 Spreading Effect Structure: Tour Operator (1/2)

1st Stage Items	2nd Stage			3rd Stage			
	Ratio	Local	Impact	Ratio	Local	Impact	
Cost excl. payroll 0.97	Purchase of Goods		0.433	0.100	0.042	0.088	
		Value-added			0.100	0.088	
	Cost			0.900	1.000	0.378	
	Vehicle Operation and Maintenance		0.012	1.000	0.012	0.300	0.264
		Value-added			0.300	0.003	0.003
	Cost			0.700	0.300	0.003	
	Utility		0.013	1.000	0.013	0.100	0.088
		Value-added			0.100	0.008	0.008
	Cost			0.900	0.700	0.008	
	Promotion		0.002	1.000	0.002	0.400	0.352
		Value-added			0.400	0.001	0.001
	Cost			0.600	0.500	0.001	
Tax		0.010	1.000	0.010	0.000	0.000	
	Value-added			0.000	0.000	0.000	
Cost			0.500	0.200	0.176		
Others		0.529	0.500	0.257	0.800	0.205	
	Value-added			0.800	0.500	0.205	
Cost							
Value-added	0.03					1.563	
Sub-total	1.00					2.924	
TOTAL							

Table A5.5.10 Spreading Effect Structure: Tour Operator (2/2)

1 st Stage Items	2nd Stage				3 rd Stage			
	Ratio	Local	Ratio	Impact	Items	Ratio	Local	Impact
Cost excl. payroll	0.93	0.484	0.100	0.045	Value-added	0.100		0.088
					Cost	0.900	1.000	0.405
;		0.043	1.000	0.040	Value-added	0.300		0.264
					Cost	0.700	0.300	0.008
;		0.075	1.000	0.070	Value-added	0.100		0.088
					Cost	0.900	0.700	0.044
;		0.032	1.000	0.030	Value-added	0.400		0.352
					Cost	0.600	0.500	0.009
Value-added	0.07		1.000	0.030	Value-added			0.000
					Cost			0.000
Sub-total	1.00		0.500	0.175	Value-added	0.200		0.176
					Cost	0.800	0.500	0.140
TOTAL				0.062				1.575
				0.452				3.026

## **A5.6 Human Resource Development**

### **A5.6.1 Labor Force and Employment**

Total number of employment in Mongolia was 779,200 in 1996 as shown in table A5.6.1. The unemployment rate in 1996 was 7.6 %.

**Table A5.6.1 Employment by Sector (thousands)**

	1993	1994	1995	1996	1997
Industry	121.4	100.9	108.1	104.6	98.9
Agriculture	302.2	336.6	354.3	358.1	373.0
Construction	33.0	27.3	29.5	29.7	27.1
Transport & Communication	46.0	31.5	31.6	31.6	30.0
Trade & Technical	50.5	67.4	64.8	68.5	65.9
Provision	772.8	786.5	794.7	791.8	779.2
<b>Total</b>					

Source: Mongolian Statistical Yearbook 1997

Number of employment related to the tourism sector such as trade, transport and communication was 100.100 (12,6 percent of total employment). It is estimated that at least 5 percent of them, which is approximately 5,000 people, work in the tourism industry. According to the Hotel Association, the Restaurant Association, Mongolian Tourism Association and Tourism Department, estimated number of hotel staff, restaurant staff, travel agent staff, and transport staff is 3,000 including part time ger staff, 400, 600, and 800 respectively.

## **A6.1 Administrative Systems**

### **A6.1.1 Outline of the Government**

#### **1) Central Government**

The structure of Central Government of Mongolia is made up of the following three branches.

- Legislative branch
- Executive branch
- Judicial branch

The cabinet is headed by the Prime Minister and there are 9 ministries, which are categorized into 2 groups, namely 3 Central Ministries and 6 Line Ministries.

#### **2) The Ministry of Infrastructure Development**

Since the international tourism was officially recognized for its role in bringing foreign currency in 1993, the Ministry of Trade & Industries has become the government organization that is responsible for tourism. The MTI was in charge of tourism development for about 3 years from 1993 to 1996. However the new political power born as the result of the general election in July 1996 began drastic administrative reform and the Ministry of Trade & Industries was dissolved and its departments were transferred to several Ministries. The Tourism Department was transferred to the Ministry of Infrastructure Development at that time.

The Ministry of Infrastructure Development is made up with 9 Departments (internal organizations) and 12 Agencies (external institutions)

#### **3) Tourism Department<sup>1</sup>**

As mentioned in (2), the current Tourism Department belongs to the Ministry of Infrastructure Development since 29<sup>th</sup> of July in 1996 after the establishment of the new Government. Tourism Department is currently responsible for the following work areas.

- development and manpower planning
- marketing and licenses
- regulations and legal issues
- statistics and research
- classification of accommodation facility

In spite of the limited number of staff, Tourism Department has been assigned of a large amount of tasks including:

- preparation of a comprehensive plan and policy for tourism development
- preparation of regulations and quality standards
- international marketing and promotion of Mongolia
- development of a computerized statistical database and information system
- development of training and education for tourism personnel
- co-ordination of the tourism policy with other government agencies and the private sector

In addition, the Tourism Department has been suffering from very small budget allocation which

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<sup>1</sup> In early 1999, the Tourism Department was abolished and absorbed newly created Department of Transport and Tourism. All functions except policy formulation were transferred to the NTC.

essentially consists of salaries and expenditures for office supplies and makes them unable to do their duties satisfactorily.

#### 4) Local Government

Aimag is the administrative unit for Local Government. There are 21 Aimags in Mongolia.

In addition, there is Sum organization that is a smaller administrative unit under the control of Aimag. Structure of Aimag Administration and Sum are shown in Figure 6.1.4. and Figure 6.1.5. respectively. In an Aimag organization, Planning, Finance & Economics Policy Department is responsible for Tourism Promotion and usually 1(one) person is engaged with a small budget. In a Sum organization, inspector for nature & its protection is in charge of tourism duties.

#### 5) National Tourism Council

In order to conduct more effective and coordinated operations of tourism development, National Tourism Council, a high level coordination and decision making body, was approved by the Government Resolution No. 192 on October, 1998.

The member of National Tourism Council are listed below. It is headed by Minister of Infrastructure Development. They hold the regular meeting not less than once every quarter. Its output will be reported to the Government.

	Title	Ministry
Chairman	Minister	Infrastructure Development
Vice Chairman	Minister	Nature and Environment
Members	State Secretary	Infrastructure Development
	Director of Budget Policy Department	Finance
	Director of Strategic Management and Planning Department	Science, Technology, Education and Culture
	Director of the Road and Transportation Department	Infrastructure Development
	Deputy director of the Foreign Trade and Cooperation Department	External Relations
	Head of Mongolian Tourism Association (as agreed)	
Secretary	Director of the Tourism Department	Infrastructure Development

Duties and rights of the National Tourism Council regulated in the Res. No. 192 are as follows:

- to participate in developing procedure of national tourism policy by making proposals and suggestions
- to establish foundation of legal and policy environment to develop tourism in Mongolia
- to implement the policy of tourism development and coordinate the activity and institutional relations between tourism entities
- to entitle to impose obligation to related ministries and professional associations to ensure the fulfillment of laws and regulations on tourism development.

#### A6.1.2 National Tourism Center (NTC)

Based on the Resolution of Government of Mongolia No.167, "The Basic Guidelines for the Development of Tourism in Mongolia for the period of 1995-2005", National Tourism Center (NTC) was established in November 1998. The objective of NTC is to enhance the function of implementation in coordination with the state's tourism policy and plan. It also aims at developing Mongolia into internationally competitive tourism destination in conformity with market demands and with the international tourism development trends.

The Tourism Department is now under the study of organizational set up based on the TACIS proposal issued in Jan.1999.

The following is the operational strategy for NTC drafted by the Tourism Department for the government approval in October 1998.

**1) Mission**

Long-term development of Mongolia to be a high-efficient and competitive tourist destination region.

**2) Strategic aims**

NTC is to reach the following three aims within its mission;

**(1) Assurance for a favorable condition to develop Mongolia as a competitive tourist market**

- to combine comprehensive marketing activities in order to increase the contribution to national economy
- to develop comprehensive marketing measures suitable for each travel market and its segment and to introduce a new marketing technology or methodology
- to reduce travel markets risks
- to expand tourism season and create a new tourism product
- to establish an own representative office abroad

**(2) Development of Mongolia as a tourism region**

- to elaborate a tourism development project for new area
- to make research and analyze on the international or regional tourism development and trends
- to study the number, structure of domestic and foreign tourists
- to investigate the tourism influence on the economy, environmental nature and historical or culture heritages
- to establish a customer-oriented, functional information data base system

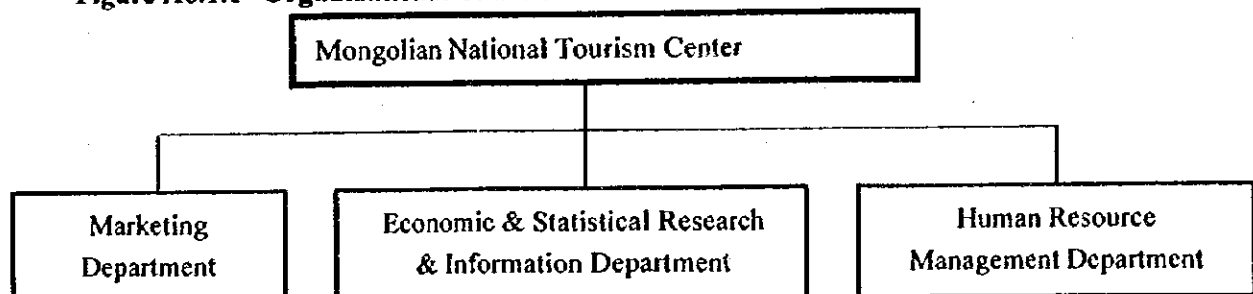
**(3) Management of tourism business while using all resources in accordance with a professional management principles**

- to establish an institutional system for training of tourism
- to work out and introduce new standards on classification of hotels and other accommodation facilities
- to elaborate and introduce a new criteria for grading of tour guides

**3) Organizational chart of NTC**

NTC is composed of three division as shown in the Figure A6.1.1.

**Figure A6.1.1 Organizational Chart of National Tourism Center**





## **A6.2 Policies and Measures**

### **A6.2.1 Duties and Budget of Tourism Department**

#### **1) Duties of the Tourism Department**

Duties of the Tourism Department are divided into six categories. Each staff of The Tourism Department has been conducting duties along with those categorizations as follows. Those are what Tourism Department finished in 1997 or is currently conducting.

- (1) Preparation of a comprehensive plan and policy for tourism development**
  - to coordinate JICA and TACIS in making tourism master plan for Mongolia
  - to coordinate TACIS project in re-organizing tourism administrative organization in government
  - to co-operate UNDP 's Tumen River Area Development Program
  - to make tourism policy of The Tourism Development Program for Mongolia in 21<sup>st</sup> century
  - to make a policy for establishing NTO
  - to make tourism development plans for 5 divided areas in Mongolia
  - to make a proposal to Ministry of Finance and Ministry of Foreign Affairs on the current problem of budget to improve tourism promotion advertisement
  - to exchange the ideas of tourism promotion at tourism managers' meeting in March 1998, which formulated proposals to related government organizations
- (2) Preparation of regulations and quality standards**
  - to make draft of Tourism Law for adoption at Parliament
  - to establish standards of hotel classification and required services
  - to establish regulations for licensing business entity for tourism service
  - to make draft of the regulation for licensing tourists guide
- (3) International marketing and tourism promotion in Mongolia**
  - to prepare the business forum for foreign investments with the cooperation of World Bank
  - to hold tourism seminar for managers engaged in tourism business in UB city
  - to participate in WTO' s "Silk Roads Conference in Kyoto" to advertise Mongolian tourism with 1,000 copies of pamphlets
  - to participate in tourism exposition held in Berlin(ITB)
  - to participate in tourism exposition held in Roanne in France
  - to conduct "Camel Trophy '97" to promote international tour with the cooperation of travel agency in Germany and MIAT tour
- (4) Development of a computerized statistical database and information system**
  - to make a plan to create network system for collecting statistic data with cooperation of States Statistic Agency
  - to make evaluation of economic impact of tourism using collected data
  - to conduct questionnaire on tourists about their tourism trends such as purpose, amounts of expenditure and length of stay
  - to collect tourism data from tourism agencies

- to study better form of immigration card to collect basic data from travelers
- (5) Development of training and educational for tourism personnel
  - to hold Human Resource Development Seminar with assistance of ESCAP in UB city with 50 agencies participated
  - to send 6 staffs engaged in tourism administration to Tourism Seminar in Japan for 2 months, which will repeat till year of 1999
  - to send hotel staffs to Bombay in India for 6 weeks to study hotel management
- (6) Co-ordination of the tourism policy with other government agencies and the private sector
  - to co-operate the tourism development plan with India, especially in the fields of human resource development in hotel industry
  - to co-operate the tourism policy with Russia

## 2) Budget of the Tourism Department

There is no specified budget that is regularly and independently allocated to The Tourism Department in carrying out tourism administration. Therefore, in case of a certain expense on tourism activities occurs such as printing cost of tourism promotion pamphlet for WTO' s "Silk Roads Conference in Kyoto" , it shall be treated as special expense in the budget of the Ministry of Infrastructure Development.

## A6.2.2 Activities and Budget of Private Tourism Organization

### 1) Mongolian Tourism Association (MTA)

Seventy two travel companies joined MTA. as of August 20 (organized ratio is 20.2% in total licensed agencies). Budgets of MTA are composed of member's annual fees which amounted to US\$6,500 in 1997. Operational costs such as office rental charge, communication cost and personal expenditure amounted to about US\$3,500, so they have to conduct the following activities from May 1<sup>st</sup> 1997 to April 30<sup>th</sup> 1998 with US\$3,000.

- to participate in International Tourism Exposition in Berlin
- to participate in Lake Baikal Tour Exposition 1997

Chairman of MTA felt strong necessity to unify tourism agencies, who are now doing their businesses by their own way without keeping relationships between them, in order to make an environment to produce higher quality in tourism industries together with sound development. For this purpose, it is desirable that MTA participate in the NTO' s duties of licensing tourism agencies to lead them in good direction.

### 2) Mongolian Hotels Association (MHA)

Mongolian Hotels Association was established on July 1,1997 with the chairman, Dr. Damgyan Gansukh who is the director of Institute of Tourism Management. Because member hotels who joined MHA are only 11(as of Aug.20,1998), their activities have also been limited with small amount of budget which is about US\$3,000 a year. Though most of the budget was spent as operational cost like MTA, MHA has been conducting various activities aggressively in the first year as follows;

- to participate in International Tourism Exposition in Berlin
- to participate in Lake Baikal Tour Exposition 1997

- to cooperate with The Tourism Department in making standards of hotel classification
- to hold tourism seminar with attendance of tourism experts from U.S.A. and Taiwan
- to hold the conference on theme of "Tourism and Hotel services in 1998" in UB city

The chairman plans to make MHA organization develop to Mongolian Hotels and Restaurants Association (MH&RA) to join restaurants industries to MHA, which is to be adopted at MHA' s general conference held in October 1998.