



**Program for Promotion of Sustainable Livelihoods  
in the Tibet Autonomous Region and  
Dechen Tibetan Autonomous Prefecture**

**Final Program Report**

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## Executive Summary

In 2006 Tibet Poverty Alleviation Fund (TPAF) signed a Cooperative Agreement with USAID for a grant award in support of a program to promote sustainable livelihoods and improved health and nutrition practices in eight townships of Nakchu, Shigatse and Lhokha Prefectures, Tibet Autonomous Region (TAR). In 2007-2009 USAID increased the total grant award to \$2,675,993, and approved extension of program activities to Dechen Autonomous Prefecture in Yunnan Province.

The program was designed to demonstrate ways to increase and diversify employment and income generating opportunities and to improve basic health conditions for agro-pastoral and pastoral communities through activities in 4 categories: skills training and capacity building; income generation, enterprise and employment support; access to credit for productive purposes; and improved health, nutrition and hygiene. The program was completed at the end of 2009.

## Program Accomplishments

TPAF estimates a total of **24,586 direct beneficiaries** over the program period. Program highlights were as follows:

- 470 Tibetans attended **trainings in rural construction skills, construction stone cutting, mechanical repair skills, and traditional handicrafts production.**
- 419 skills trainees received basic **business training** and 34 **new small enterprises** were established.
- 148 poor households received **microcredit** for income generating activities in Namling County, Shigatse Prefecture; the repayment rate after two loan cycles was 98%.
- Sales of indigenous Tibetan pork benefited 227 poor households as part of a **community livestock production project** in Rong Township, Lhokha Prefecture; after 18 months the project was **adopted by government for replication** in other townships.
- As part of a **dairy cooperative development** project in Nakchu Prefecture, household barley plots, community pasture fencing, a dike to reduce pasture flooding, and training in improved livestock nutrition, milk production, and pasture use benefited 1,524 nomadic pastoralists.
- A **handicrafts development center** was established in the old town of Gyalthang, Dechen Prefecture. By providing training and marketing support to Tibetan artisans the center aims to increase local income and employment while preserving cultural traditions and demonstrating a commercially viable institutional model that can be sustained by local people.
- Villager **training in health, nutrition, and hygiene practices** benefited an estimated 17,470 people in Shigatse and Lhokha Prefectures. As part of the same health promotion project, **village water supply** benefited 1,050 villagers and primary school students, and **household greenhouses** benefited 835 villagers in Namling County, Shigatse Prefecture.

In October, 2006, Tibet Poverty Alleviation Fund (TPAF) signed a Cooperative Agreement with USAID for a grant award of \$999,993 in support of a program to promote sustainable livelihoods and improved health and nutrition practices in the Tibet Autonomous Region (TAR). In 2007-2009 USAID extended the agreement and increased the total grant award to \$2,675,993, and in 2009 approval was granted to extend program activities to Dechen Autonomous Prefecture in Yunnan Province. All program activities were completed at the end of 2009.

## **I. Program Objectives**

The program was designed to demonstrate ways to increase and diversify employment and income generating opportunities and to improve basic health conditions for agro pastoral and pastoral communities in Nakchu, Shigatse, and Lhokha Prefectures in the Tibet Autonomous Region (TAR), and Dechen Autonomous Prefecture in Yunnan Province. The program addressed four critical constraints to improvement of incomes: low levels of technical skills, lack of small enterprise management skills and support, inability to access credit for productive purposes, and poor health. Program activities sought to:

1. Equip rural Tibetans with the knowledge and technical skills needed to improve their incomes in an environmentally and culturally sustainable manner
2. Equip pastoralist families with the capacity to preserve their rangeland resources, increase the value of their herds, and generate increased income from the sale of surplus milk
3. Equip rural households and small enterprises with the business skills, credit, and support services required to increase incomes, and demonstrate the viability of sustainable credit provision to households and small enterprises
4. Improve the health, nutrition and hygiene practices of rural Tibetans

Central to all program objectives were the strengthening of local institutions and capacity necessary for long term sustainability of benefits, and the demonstration of successful models for adoption and replication by government. In 2009, special priority was given to demonstrating models that increase employment, household income, and small enterprise competitiveness in the handicrafts development sector.

## **II. Program Accomplishments**

TPAF estimates that total direct beneficiaries of the program were 24,586. The table below summarizes USAID supported activities during the three year program period, and program performance against USAID standard indicators is summarized in Appendix A.

Program Activity	Outputs	Cumulative	Note
<b>Skills Training and Capacity Building</b>			
Rural Construction Skills Training	311 trainees	311	6-month training
Stone Cutting Skills Training	48 trainees	48	4-month training
Mechanic Skills Training	18 trainees	18	7-month training
Artisan Skills Training	93 trainees	93	
<b>Income Generation, Enterprise and Employment Support</b>			
Small Enterprise Training	419 trainees	419	
Small Enterprise Marketing Capacity	26 small enterprises, 82 employees	82	
Community Dairy Development	1,290 pastoralists, 258 households	1,290	
Community Pasture Improvement	999 pastoralists, 315 households	999	
Community Pig Production	1,135 villagers, 227 households	1,135	
<b>Access to Credit for Productive Purposes</b>			
Small Enterprise Lending	32 small enterprises, 96 employees	96	32 business loans
Household Microcredit	740 villagers, 148 poor households	740	168 microloans
<b>Improved Health, Nutrition, and Hygiene</b>			
Village Health Training	158 trainer-trainees, 17,470 villagers	17,470	55 villages
Community Water Supply	1,050 villagers and students	1,050	1 village
Household Greenhouses	167 poor households, 835 villagers	835	6 villages

Program activities supported by the grant fell into the 4 categories: skills training and capacity building; income generation, enterprise and employment support; access to credit for productive purposes; and improved health, nutrition and hygiene. Program performance in each category is described below.

## II. A. Skills Training and Capacity Building -- Tibet Autonomous Region

### Shigatse Prefecture

- Namling County Rural Construction Skills Training:** 148 unemployed youth completed six months of rural construction skills training intended to increase household incomes through employment and small enterprise development. Training focused on traditional house painting, carpentry, and furniture production, building on the experience of previous trainings implemented by TPAF with other donor support. Local language training curriculum was updated from materials developed in 2004-6 with Ford Foundation support, construction equipment and tools were provided, and local trainers were recruited to guide and supervise trainees throughout the training period. Trainees were jointly selected by TPAF staff and local partners through an interview process using TPAF selection criteria. Following a period of introductory workshop training participants joined rural housing construction teams as trainee apprentices, giving them an opportunity to apply their new skills in a professional setting while gaining valuable on the job experience. In addition to learning new technical skills trainees also attended a series of 4 business training workshops, during which several developed business plans to start their own small repair shops after the training (see section II.B. below).

- **Panam County Textile Weaving Skills Training:** 20 women apprentices completed a four month training in weaving striped wool textiles traditionally used for women's aprons. Trainees learned to adapt the traditional textiles to create newly designed products such as pillow cases and tote bags, for which tourist and export demand was identified through USAID supported market testing (see II.B. below). All trainees are now employed by local textile enterprises where they receive product orders from the Dropenling Handicrafts Center.

## **Nakchu Prefecture**

- **Amdo County Rural Construction Skills Training:** 114 unemployed youth completed six months of rural construction skills training intended to increase household incomes through employment and small enterprise development. Training focused on traditional house painting, carpentry, and furniture production. Prior to the trainings, local language training curriculum was updated from materials developed earlier with Ford Foundation support, construction equipment and tools were provided, and local trainers were recruited to guide and supervise the trainees throughout the training period. Following a period of introductory workshop training, participants joined rural housing construction teams as trainee apprentices, giving them an opportunity to apply their new skills in a professional setting while gaining valuable on the job experience. In addition to learning new technical skills trainees also attended a series of 4 business training workshops, during which several developed business plans to start their own small repair shops after the training (see section II.B. below).
- **Kuluk and Tsaring Townships Stone Cutting Skills Training:** 48 unemployed youth completed four months of training in construction stone cutting skills, 22 in Kuluk and 26 in Tsaring, both nomadic townships. Focusing on production of standard-size stones for housing construction, the trainings were intended to increase household incomes through employment and local enterprise development. Experienced trainers trained teams of 3-4 trainees how to cut stones with hammers, chisels, and portable electric jackhammers and how to maintain their stone cutting tools and equipment. In addition to learning these skills trainees also attended a series of 4 business training workshops (see section II.B. below). Following the training stones produced by the trainees were used to help them start 2 small enterprises to supply the local construction industry with stones for housing construction.
- **Kuluk Township Yarn Production Skills Training:** 12 members of the Kuluk women's cooperative completed a three month training in producing high quality wool yarn for carpet weaving. Kuluk is a pastoral area above 4,000 meters on the southeastern edge of the Chang Thang plateau, where sheep produce wool with exceptionally long fiber and high lanolin content that gives them added protection from the cold climate. The quality of Kuluk wool makes it superior for carpet weaving, but it is typically sold unprocessed to intermediary merchants, with no

value added locally. As part of the yarn production training, an unused building was donated by the township and renovated to provide passive solar heating, and a cement platform for wool washing and drying was built. Despite the high altitude and cold winter temperatures, the building is warm enough for yarn spinners to use year round and trainees are now using the building to produce two types of wool yarn (*drumtse* and Wangden *drumtse*) for which demand exists in the Lhasa market.

## **Lhasa Municipality**

- **Lhasa Natural Dyes and Carpet Production Skills Training:** In a training linked to the yarn training described above, 2 village weavers from Wangden valley in Shigatse Prefecture completed a three month training in weaving traditional tiger design carpets, and 4 village weavers from Wangden received training in producing and using natural dyes to color carpet yarn. Local demand exists for traditional “Wangden technique” carpets in the Lhasa tourist market, and a special niche exists for Tibetan “tiger rugs.” Trainings were led by master dyers and weavers at a Lhasa carpet production facility that is promoting the use of naturally dyed carpets. After completing the training, trainees returned to their village in Wangden valley, where they disseminated their new skills to other villagers. The linked trainings in Kuluk and Lhasa were intended to increase employment and household income for trainees and their families, as well as to revive and promote the use of traditional natural dyes.
- **Lhasa Traditional Painting Skills Training:** 4 apprentice trainees completed a six month training in *thangkha* and wooden altar painting, led by a local master artisan with long experience providing apprenticeship training. The training covered all aspects of traditional *thangkha* canvas and mineral paints preparation, as well as the adaptation of traditional designs to newly developed “miniature” products aimed at tourist and export markets. The training was intended to increase local employment and income while increasing incentives for artisans to preserve cultural traditions, and the four trainees are now employed by a local artisan enterprise.
- **Lhasa Tailors Artisan Skills Training:** 5 tailor artisans completed an intensive two week workshop in improved production line concepts, led by local Tibetan trainers who had received trainer training previously with other donor assistance. The workshop focused on production of high quality tailored products, in particular Tibetan dolls and children’s toys, for which significant demand was identified through USAID-supported market testing (see section II.B. below). Intended to enable trainees to produce greater number of products more efficiently, at lower cost per unit, and with more consistent quality, the training covered production planning, labor distribution and task specialization, improved component identification and organization, and time analysis to estimate efficiency gains. All trainees achieved these goals within the 2-week training period.

## **Lhokha Prefecture**

- **Rong Township Rural Construction Skills Training:** 49 unemployed youth completed six months of rural construction skills training intended to increase household incomes through employment and small enterprise development. Training focused on traditional house painting, carpentry, and furniture production. Prior to the trainings, local language training curriculum was updated from materials developed earlier with Ford Foundation support and local trainers were recruited to guide and supervise the trainees throughout the training period. Following a period of introductory workshop training participants joined rural housing construction teams as trainee apprentices, giving them an opportunity to apply their new skills in a professional setting while gaining valuable on the job experience. In addition to learning new technical skills trainees also attended a series of 4 business training workshops, during which several developed business plans to start their own small repair shops following the training (see section II.B. below).

## **II.B. Income Generation, Enterprise and Employment Support -- Tibet Autonomous Region**

### **Nakchu Prefecture**

- **Tsaring and Nyima Townships Dairy Development:** 258 nomadic households benefited from sales of surplus milk in Tsaring and Nyima townships as part of a project intended to increase incomes through improved livestock nutrition and milk production, improved pasture use, and establishment of dairy cooperatives. In each township community pasture enclosures were fenced to protect winter grazing areas and household barley plots were built and planted to improve livestock nutrition. Prior to establishing dairy cooperatives participatory community planning workshops were held and training was conducted in improved pasture use and livestock management. Cooperatives were then provided with credit (see II.C), business training, and grant support for start up costs, including yoghurt processing equipment and supplies, a vehicle to transport dairy products to local markets, and renovation of existing buildings to be used as dairy production facilities.
- **Amdo County Small Enterprise Training:** During the course of the rural construction and stone cutting skills trainings described above in section II.A, 142 trainees attended a series of four business training workshops intended to provide them with basic business planning and management tools. Conducted by a local TPAF staff trainer with over ten years of business training experience, the initial workshop in the series focused on identifying entrepreneur capabilities, brainstorming business ideas, and assessing local market demand for products and services. The second and third workshops covered aspects of marketing, production, and basic business planning, and the final workshop assisted trainees

interested in starting their own businesses with preparation of business plans and loan applications (see section II.C. below).

- **Kuluk Township Ecotourism Development:** Implementation of a project to increase local incomes through community based ecotourism began in 2007 with a training study tour of community representatives to Gyalthang in Yunnan Province and erection of tri-lingual sign boards intended to direct traffic from the Lhasa-Nakchu highway to the scenic Kuluk valley. The project was not completed, however, due to growing sensitivities in Nakchu around foreign visitors and NGO activities after March 2008.

### **Shigatse Prefecture**

- **Namling County Small Enterprise Training:** During the course of the rural construction skills trainings described above in section II.A, 175 trainees attended a series of four business training workshops intended to provide them with basic business planning and management tools. Conducted by a local TPAF staff trainer with over ten years of business training experience, the initial workshop in the series focused on identifying entrepreneur capabilities, brainstorming business ideas, and assessing local market demand for products and services. The second and third workshops covered aspects of marketing, production, and basic business planning, and the final workshop assisted trainees interested in starting their own businesses with preparation of business plans and loan applications (see section II.C. below).

### **Lhokha Prefecture**

- **Rong Township Community Livestock Production:** 227 poor households benefited from a community livestock production and income generation project that achieved its goal of government replication within two years. High value indigenous Tibetan pigs were relocated from lower altitude habitats in Kongpo Prefecture to Rong Township where they were distributed to households following acclimatization and veterinary care. Households received basic training in pig breeding and marketing assistance, and were then able to sell their pig meat in local markets for roughly three times the price of non-indigenous pork. In 2008 the project was formally adopted by the county government, which expanded the model to other townships with public resources, an outcome that may lead to scaling up in other areas and is expected to far exceed the benefits of USAID's initial investment.
- **Rong Township Small Enterprise Training:** During the course of the rural construction skills trainings described in section II.A, 51 trainees attended a series of four business training workshops intended to provide them with basic business planning and management tools. Conducted by a local TPAF staff trainer with over ten years of business training experience, the initial workshop in the series focused on identifying entrepreneur capabilities, brainstorming business ideas,

and assessing local market demand for products and services. The second and third workshops covered aspects of marketing, production, and basic business planning, and the final workshop assisted trainees interested in starting their own businesses with preparation of business plans and loan applications (see section II.C. below).

### **Lhasa Municipality**

- **Artisan Product Marketing Capacity Development:** Following the decline in tourism to Tibet in 2008, grant support was used to build the capacity of the Drogenling Handicraft Center, a social enterprise established with USAID support in 2003, to provide improved marketing support to Tibetan artisans by introducing their products to new markets. Three study tours were organized to Beijing and the U.S., intended to increase the capacity of both artisans and Drogenling staff to develop and expand new external markets for authentic Tibetan artisan products, as described below:
  - In 2008 a Tibetan product specialist completed a three month training tour to the U.S., during which she attended an international gift fair, visited dozens of galleries and museums shops, interviewed handicrafts wholesalers and retailers, attended an intensive “market readiness” training program organized by Aid to Artisans, and participated in trunk shows at which artisan products were test marketed and sold. The study tour was led by highly experienced crafts design and marketing professionals who provided daily coaching in topics ranging from international market trends and product design to pricing, marketing strategy, and import operations.
  - In 2008-9, 6 Drogenling staff trainees and 5 artisans completed two-week study tours to Beijing, during which they visited galleries, interviewed retailers, and attended a series of winter holiday trunk shows and gift fairs at which artisan products were test marketed and sold. An experienced product development and marketing specialist provided daily coaching and mentoring throughout the study tours, after which participants reported gaining valuable insight and new knowledge about market tastes, product pricing, trends among competing handicrafts producers, and marketing methods, as well as inspiration for new products and product designs.

All three study tours provided trainees with invaluable first hand experience and practical understanding of how handicrafts can be successfully marketed in the U.S. and coastal China. Following their return to Tibet, trainees began transmitting these lessons to local artisans and developed an artisan product marketing plan based on the many lessons learned.

- **Artisan Product Costing and Pricing Training:** 13 small artisan enterprises in Shigatse and Lhasa attended 3-day training workshops in product costing and pricing, delivered by TPAF trainers with long experience in small business

training. Trainings were designed to increase artisan competitiveness by enabling them to more accurately calculate their costs of labor, production materials, and overhead. As part of the trainings, TPAF trainers developed simple product costing and pricing tools for artisans to record basic data such as labor hours worked and prices paid for raw materials, and tools were then adapted to differing levels of literacy and numeracy.

### **II.C. Access to Credit for Productive Purposes -- Tibet Autonomous Region**

- **Household Microcredit:** 148 poor households in 16 villages of Namling County, Shigatse Prefecture, benefited from micro loans ranging from approximately \$27 to \$267 each. Loans were for one year periods with six month repayment schedules and 1.5% annual interest; at the end of two loan cycles the on time repayment rate was 98%. Loans were used for a range of purposes, primarily to purchase goods for seasonal trading such as *tsampa* (roasted barley flour), packaged foods, traditional wool clothing textiles, and livestock. Prior to loan distribution, representatives from recipient households formed borrower groups and TPAF staff conducted basic training in microcredit use and repayment terms. Loans were then monitored and collected with assistance from township officials, whose capacity to implement microcredit activities was developed in the process.
- **Small Enterprise Lending:** 32 small enterprises and their employees in Nakchu, Shigatse, and Lhokha Prefectures benefited from loans ranging from approximately \$1,150 to \$7,150 each. Loans were for two year periods with quarterly repayments and an annual interest rate of 3%. Of the 32 loan recipients, 31 were graduates of the employable skills trainings described above (see section II.A.), after which they applied for loans to start their own repair shops and small construction enterprises. The USAID supported Tsaring township dairy cooperative described above (see section II.B.) also received a start up loan, following business training for dairy managers. Prior to making loans, TPAF staff provided assistance in preparing business plans and small loan applications, which were appraised by a loan committee using credit scoring methods developed by sub grantee World Education. Loans were then monitored with assistance from village and township officials where the enterprises are located. The first group of loans is due for full repayment in April 2010.

### **Success Story: Training and Credit Leads to Employment, Income, and Optimism**

When Dorjee completed his ninth year of compulsory schooling in Namling, a poor rural county in the Tibet Autonomous Region about 300 kilometers west of Lhasa, he had few prospects to earn a living. He could return to his village to help with the family farming, but an extra hand wasn't needed, so he decided to seek work in the county seat. He quickly found he was ineligible for the few coveted jobs in local government, however, and there was no other work to be found.

Dorjee's predicament was typical of many young Tibetans whose opportunities for off-farm employment are limited, requiring skills they do not have, and for whom traditional sources of income are not enough to cover basic needs. As the returns to agriculture decline relative to regional price inflation, unemployed youth have few earning opportunities other than seasonal trade and menial labor, and are increasingly lured into petty crime and prostitution to make ends meet.

In 2007 Dorjee learned of a new USAID-funded skills training program for unemployed Tibetan youth, and signed up. Implemented by TPAF in cooperation with the Namling Poverty Alleviation Bureau, the program trained unemployed youth to repair tractors, motorcycles, and agricultural machinery over a period of seven months. The program also provided basic business training, access to credit, and access to supply networks for spare parts.

Dorjee and the other trainees learned their new trade through on-the-job apprenticeships at a private workshop. After studying a Tibetan manual, they were divided into teams and tasked with disassembling and reassembling motorcycles, tractors, barley threshers, and other agricultural equipment. Toward the end of the training they were given responsibility for actual repairs under the supervision of company mechanics.

At the end of the seven month program, Dorjee decided to return home to open his own repair shop. With additional assistance from USAID he completed a basic business plan and loan application, and received a two-year loan of \$2,280. He opened his shop in February, 2008, and within weeks a steady trickle of customers was seeking repair services and spare parts. By June, 2009, Dorjee had repaid 50% of his loan, and was employing two other skills training program trainees.

Dorjee's repair shop is one of over 30 small enterprises in Tibet established by graduates of similar USAID funded, apprenticeship-based training programs in 2008. Start up businesses range from Tibetan furniture workshops to rural construction teams to a brick factory. Reflecting on his own success, Dorjee is optimistic about the future: "Now I can earn enough to support myself and send money home to my parents. When I have children I will be able to give them better chances than farming in our village."

## **II.D. Improved Health, Nutrition and Hygiene -- Tibet Autonomous Region**

### **Shigatse Prefecture**

- **Namling County Rural Health Promotion:** Over 17,000 villagers in three rural townships benefited from a project integrating participatory health training and community health improvement planning:
  - Two rounds of trainer training workshops were held for 158 community trainers from 55 villages, followed by villager trainings conducted by community trainers in each village. Health messages included a range of topics including antenatal care and child delivery; child nutrition and immunization; basic knowledge of STDs, tuberculosis, and hepatitis; HIV/AIDS awareness; and prevention of dysentery and other communicable diseases through improved hygiene and sanitation. Trainer trainings were conducted by local TPAF staff trainers skilled in Behavior Change Communication (BCC), a communication strategy that focuses on promoting behavior change and relies on participatory adult learning methods.
  - Following villager trainings community health improvement planning meetings were held in six demonstration villages, at which villagers discussed health training lessons and developed their own community and household health plans. Household greenhouses were identified by villagers as the highest priority to improve the health of poor families, in particular women and children, by providing a year round source of vegetables; 167 poor families were selected and received greenhouses following community planning meetings.
  - In addition to household greenhouses, water supply was provided in one village to reduce the prevalence of infectious diseases due to lack of an adequate clean water supply. Villagers contributed labor to dig a 2.5 kilometer ditch from a nearby spring to the township, benefiting 550 villagers and 500 students at the township primary school.

### **II.E. Skills Training and Capacity Building – Dechen Tibetan Autonomous Prefecture**

- **Gyalthang County Carpet Production Skills Training:** 15 apprentice trainees from Gyalthang completed six months of traditional carpet production training, led by master carpet weavers at a production facility in Lhasa. The training covered all aspects of carpet production including wool preparation, yarn dyeing, finishing, and design, in addition to core weaving skills, with the goal of reviving traditional carpet weaving in Dechen Prefecture and increasing local employment and income. Upon completing the training, the 15 trainees returned to their homes in Gyalthang, where they were employed at a Tibetan managed enterprise that is reintroducing artisan traditions there.

- **Dechen Tailor Artisan Skills Training:** 10 artisan tailors from Dechen Prefecture completed two months of training in improved product design, production quality and production planning. The training focused on the production of tailored dolls, stuffed animal toys, and Christmas ornaments with traditional Tibetan designs for which tourist and export demand was identified through USAID supported market testing (see above). The tailors learned to produce greater numbers of higher quality products more efficiently, at lower cost per unit, and with more consistent quality, through improved production planning training led by an experienced product design and quality specialist. Training topics included forecasting raw material quantities; labor distribution and task specialization; component identification and organization; forecasting order delivery, and time analysis to verify efficiency gains. Like other artisan skills trainings, the workshop was intended to increase employment and income for participating artisans while preserving cultural traditions.

#### **II.F. Income Generation, Enterprise and Employment Support – Dechen Tibetan Autonomous Prefecture**

- **Artisan Product Marketing Capacity Development:** A new product development, marketing, and artisan training center was established in the old Tibetan town of Gyalthang, modeled on the USAID supported Drogenling Handicrafts Center in Lhasa. In addition to providing product quality and design training for local artisans, the center also provides marketing support to Tibetan artisans elsewhere on the plateau. Following renovation of an historic building in the old town of Gyalthang, more than 30 local artisans received one-on-one production training and marketing support from the center’s product development trainers in 2009. A branch of the Drogenling center in Lhasa, the Gyalthang center is intended to increase employment and income for artisans while building local capacity to demonstrate a commercially viable institutional model that can be sustained by local people.

#### **III. Other Activities**

- Over the course of the program period, an independent auditor conducted annual A-133 audits of TPAF financial statements, internal controls, and compliance with requirements applicable to USAID programs. A-133 audit reports for 2007 and 2008 expressed unqualified opinions on TPAF financial statements and controls, identified no deficiencies in internal controls over financial reporting or compliance, and determined TPAF to be a low-risk auditee. The 2009 A-133 is currently being conducted and a clean audit report is expected in April 2010.

## **IV. Lessons Learned**

### **IV.A. Skills Training and Capacity Building**

- While achieving good results overall, some rural construction training activities were constrained in year one by limited partner capacity as well as seasonal factors. Local partner constraints contributed to difficulty meeting trainee recruitment targets, to unexpected rates of trainee attrition, and to difficulty arranging trainee apprenticeships as planned. Seasonal factors also contributed to difficulty meeting recruitment targets in locations where trainee recruitment coincided with the off-farm labor season.

These lessons led to improved planning and implementation of subsequent employable skills trainings. First, TPAF secured the agreement of government implementing partners to cover costs for additional trainees as a local contribution, to offset the risk of attrition of beneficiaries below expected targets. Another factor contributing to low attrition rates in subsequent trainings was improved local perceptions of the value of skills trainings based on outcomes of year one activities, leading to oversubscription of one training by over 500%.

Second, TPAF staff participated more closely in trainee recruitment, improving the process and quality of selection and building partner capacity in the process. Third, the location of one training program was shifted from the prefecture seat to a county training facility with closer proximity to government-sponsored rural house construction projects that provided ample apprenticeship opportunities. The presence of a motivated county official also helped ensure apprenticeships were arranged as planned.

- At the beginning of rural construction skills trainings, trainees in all three locations expressed strong preferences for learning traditional house painting, carpentry, and furniture production skills instead of modern building skills such as cement mixing, blueprint reading, and iron rebar work. Training plans were changed accordingly, and the lesson was learned that training needs should be assessed more carefully by surveying as many potential trainee candidates as possible during project planning.
- Upon completion of six month carpet production and traditional painting trainings in Lhasa, master trainers reported that a period of ten months was needed to train unskilled apprentices to produce high quality products independently. Despite this lesson, 95% of the 20 trainees were subsequently employed by artisan enterprises in need of semi-skilled apprentices, enabling the trainees to continue honing their new skills on the job until they are able to produce high quality products independently.
- When conducting “production line” and “product costing and pricing” trainings for separate groups of artisan trainees, it became evident that future trainings

would benefit from combining the two modules, which are closely related. While the product costing training is intended to help artisans calculate their costs of labor, production materials, and overhead more accurately, the production line training is intended to help them improve efficiency and reduce costs. Future trainings should integrate these topics in a single workshop.

#### **IV.B. Income Generation, Enterprise and Employment Support**

- Beneficiaries of the pig production project in Lhokha Prefecture were able to generate income from pig raising but remained dependent on local government officials for marketing support, in particular for communications with their highest paying buyer, a restaurant in Sichuan Province. Most villagers did not understand Chinese and had no previous experience doing business outside their county or marketing Tibetan pork. Similar projects should add a component of basic training that enables villagers to conduct livestock marketing activities without relying on local government for support.
- Reassignment of officials at prefecture and township levels and delays in assigning replacement personnel, leaving key government posts vacant for several months, caused unexpected delays in implementing the dairy development project in Tsaring, Nakchu Prefecture. While it is unusual for key posts to remain vacant for so long, planning for similar contingencies can be useful, for example by specifying alternative project sites in grant agreements if implementation is delayed for unforeseen reasons.
- The quality of business plans prepared by employable skills trainees was significantly better when trainees were able to visit their homes to conduct market research during skills trainings. Market research trips should be scheduled at the mid-point of employable skills training programs, for example, after three months of a six-month skills training, ideally following completion of the second business training workshop.
- The unexpected drop in foreign tourism to Tibet after March, 2008, demonstrated the necessity of developing new markets for Tibetan artisan products outside Tibet to sustain efforts to preserve artisan traditions and improve the livelihoods of artisans and their families. TPAF responded by using grant support to build the overseas and regional marketing capacity of the USAID supported Drogenling Handicraft Center's local staff through marketing study tours and test marketing of artisan products in mainland China and the U.S. A number of valuable lessons were learned during the course of these activities:
  - Building local capacity to conduct successful marketing on a sustained basis depends in large part on the ability of artisans to develop new designs and modify existing products in response to changing market trends. Training local specialists to provide artisans with information about market trends and specific feedback about individual products is therefore necessary to ensure

that production is demand driven, leading to increased employment and income. The skills required to acquire and communicate this knowledge are developed gradually through experience, and the most effective method of building local specialists' capacity is through apprenticeship training and mentoring by foreign consultants with deep experience and knowledge of external market trends.

- Trunk shows resulted in direct sales to host retailers and the public, while gift fairs resulted in orders from retailers, some of whom developed into repeat customers. Both types of events provided critical information about the perceived market value of artisan product samples, suggestions for quality and design adjustments, and ideas for new product development.
- Other lessons were the importance of developing product lines for different customer groups; that a key advantage of Tibetan artisan products is their origin and authenticity; and that there is little potential in Tibet to achieve the production scale needed to compete with lower-end crafts produced elsewhere.
- Lessons were also learned about how to promote U.S. and coastal China sales more effectively, for example through better sales event scheduling and advance advertising; preparation of better display and promotional materials; improved labeling and packaging; and improved display techniques.

#### **IV.C. Access to Credit for Productive Purposes**

- Small enterprise loan application formats and credit scoring methods proved too complex for some entrepreneurs with limited education to grasp, slowing the business training process and causing unexpected delays in appraising loan applications and delivering loans. Improvements were subsequently made to simplify applications and credit scoring methods.
- Due to widespread poverty in Namling County, Shigatse Prefecture, most men travel outside the county to seek opportunities for seasonal labor and small trade during the spring-summer months between planting and harvest. The pervasiveness of this local tradition, combined with the scarcity of local income generation opportunities, meant that the majority of microloans in Namling were used to finance small trade activities, typically conducted by men during their 4-5 month trips outside the county. As a result the percentage of women loan recipients was lower than originally anticipated, and loans were repaid in bi-annual rather than monthly or quarterly installments to accommodate local conditions. Despite this, 148 recipient households repaid two cycles of loans with a 98% repayment rate over a two year period. The high repayment rate was attributed to the project's peer lending methodology and capacity building of local officials and women's federation members during the lending and loan

monitoring process, resulting in high levels of local partner participation and ownership of project outcomes.

- While the household microcredit repayment rate was high, small enterprise lending repayment rates were lower than expected. Many small enterprises receiving loans were located in remote areas with no Agricultural Bank of China branch within a hundred miles, making repayment installments more difficult to collect and verify. Other factors were political sensitivities preventing TPAF staff from visiting most enterprise borrowers after March, 2008, and the absence of collateral or peer lending incentives for borrowers. Most critically, in contrast with household microcredit, township and village leaders and women's federation representatives were not well enough incorporated into the lending and loan monitoring process at the outset of the project, resulting in lower levels of local partner participation and ownership of project outcomes.

#### **IV.D. Improved Health, Nutrition and Hygiene**

- While achieving good results overall, rural health promotion activities were initially affected by partner capacity constraints. In particular, the cascade approach of behavior change communication (BCC), which begins with household surveys and trainer training, followed by two rounds of village training and community health improvement planning, minimized the role of county level partners while overstressing the capacity of township officials, resulting in delays. Subsequent improvements were made by beginning the first round of trainer trainings earlier; shifting the location of trainer trainings from the township to the county seat; and increasing the role of county level officials in co-managing all stages of BCC project implementation, while increasing efforts to build their capacity in the process.
- Because a large percentage of the male population leaves Namling after spring planting, as described above, the first round of village level trainings reached a reduced target population of women, children, and elderly remaining at home, underlining the importance of more thoroughly investigating seasonal factors prior to scheduling project activities, particularly in rural areas where local conditions vary widely. This oversight was remedied in scheduling subsequent trainings earlier in the year before spring planting.
- Community health trainers were unable to use VCD training materials effectively during village training in some communities, due to resistance among villagers to viewing maternal child health (MCH) content in a mixed gender setting, underlining the importance of separating villagers by gender for MCH training topics.

## Appendix A -- USAID Standard Indicators

The following table summarizes performance against USAID standard indicators applicable to program activities over the three year program period.

Indicator	Targets FY 07-09	Actual FY 07-09
Number of beneficiaries of service-oriented programs to reduce non-communicable diseases	39,173	19,270 * (9,442 men, 9,828 women)
Number of beneficiaries receiving training in traditional arts, construction, and medicine	225	452 (396 men, 56 women)
Number of people completing workforce development programs	545	377 * (369 men, 8 women)
Number of people receiving training in natural resources management and/or biodiversity conservation	7,250	1,575 * (772 men, 803 women)
<b>Total direct beneficiaries FY 07-09</b>	<b>39,173</b>	<b>24,586 *</b>

\* Targets were not fully met due to political events in the TAR, preventing program implementation in some areas and requiring adjustment of activity plans in 2008-9.