

ANNEX 6
UNDP
Promotion of Agenda 21, Sustainable Human Development in Qomolongma
Nature Preserve CPR/ /165

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List of Abbreviations

CANGO	China Association of Non Government Organizations
CCC	China Community Corp
CICETE	China International Centre for Economic and Technical Exchanges
N-EX	National Execution
NPD	National Project Director
NPM	National Project Manager
NUNV	National United Nations Volunteer
PRA	Participatory Rural Appraisal
QNP MB	QNP Management Bureau in Shigatse
QNP	Qomolongma Nature Preserve
QNP RDF	QNP Rural Development Foundation
QNPWC	QNP Working Commission
TAR	Tibet Autonomous Region
UNV	United Nations Volunteers

1 Introduction

The Qomolongma Nature Preserve (QNP) is located in southwestern Tibet on the northern slope of the main Himalayan range. The Preserve is named after Mt. Qomolongma (Mt. Everest). Its southern boundary comprises the international border between China and Nepal. The QNP consists of four counties of Shigatse Prefecture: Dingjie, Tingri, Jilong and Nyalam. Two of these counties are the poorest in Tibet with more than 30% of the population living below the absolute poverty line (RMB Yuan 530 per capita net income per year - 1990 prices). Approximately 80,000 people live in the QNP area, which covers 33,910 km². The majority of the population is farmers living in widely scattered villages that often have no more than 10-20 families in each.

In recent decades, the fragile mountain ecosystem of the QNP has been placed under great stress. High population growth has placed pressure on forest and pasture

resources. Previous and current agricultural, livestock and forest cutting practices have resulted in serious environmental degradation. Livestock overgrazing, farming on severe slopes, harvesting of sod for burning and construction purposes, have resulted in landslides, gully formation, exposure of subsoil and other manifestations of environmental stress.

The QNP was established in March of 1989 as a nature preserve of the Tibet Autonomous Region (TAR). The official designation followed four years of careful scientific study, which

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resulted in the preparation of a comprehensive 10-year master plan that outlines an integrated strategy of conservation and sustainable human development.

The main objective of the project is to promote sustainable human development and poverty alleviation through a balanced, community based, economic and social development strategy that also supports environmental protection and conservation of natural resources. This is in line with the recently approved China Agenda 21 strategy for sustainable development that gives high priority to balanced economic and social development. The project strategy is also in line with the national 8-7 Poverty Elimination Program, which aims at eliminating poverty for the remaining 58 million absolute poor in China by the year 2000.

The project strategy includes four interlinked components of assistance for sustainable development in the QNP.

1. The first component is assistance to the Shigatse Prefecture and County authorities of the QNP with the future planning of various sectors in the QNP. One main activity is to prepare a masterplan for tourism in the QNP to assure the protection of the natural environment. Tourism development was chosen as an avenue for assistance, because it provides a means to address both conservation and poverty alleviation goals.
2. The second component aims at supporting specific demonstration activities in the four counties of the QNP, such as provision of solar cookers to poor households, improved sanitation and tree nurseries.
3. The third component of the project focuses on assistance to community based poverty alleviation in the QNP. An integrated strategy including microcredit is used to promote the following:
 - a. Piloting a bottom-up approach whereby the poor beneficiaries participate actively in the planning and design of projects;
 - b. Promoting the use of sustainable agricultural practices,
 - c. Environmental protection, and
 - d. Empowerment of women.
4. The fourth component consists of health training and basic equipment provision for basic and maternal and child health care at county, township and village level.

1.1 Aim of the Evaluation

UNDP has two reasons to complete a mid-term evaluation of the Handicraft Development for PA in Qomolongma Nature Preserve (QNP) CPR/96/221 project. First, although this project builds on the previous project it is a significant change from the previous phase, CPR/ 96/165. Second, a proposal for another phase of this project is being developed to build on the successes achieved and to strengthen the weak areas of the current project.

Based on this rationale the aim of this evaluation is to produce a mid-term project evaluation that includes best practices, lessons learned and recommendations/proposed action plan about how to proceed from this point forward with the next phase of this project.

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1.2 Evaluation Methodology

The cluster evaluation, of which the Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 is a part, has a unique set of terms of reference compared to the evaluations of other projects within UNDP's poverty alleviation program. Up until now several cluster evaluations have taken place in which other projects have been evaluated. The format of these evaluations has generally taken two forms. Most of the projects have had an evaluation that looks at the overall project and its components from the perspective of relevance, efficiency and effectiveness as they apply to the project and its various components. Another set of projects has been evaluated from an institutional sustainability perspective. This has been important since the program is based on an integrated rural development approach driven by microfinance. In the effort to follow up and disengage the UNDP is concerned about the institutional sustainability of the fledgling microfinance operations that have been initiated. In this cluster evaluation the UNDP has combined the terms of reference of both of these previous types of evaluations in order to get a comprehensive evaluation of the projects in the cluster from both perspectives. Because the project has been closed for some time there is the additional feature of a preliminary impact assessment to be considered.

In this project there are four counties involved in the project. These four counties make up the QNP. These counties, although connected are remote and do not have a good road structure. The team was also conducting a mid term evaluation of the current project in the QNP at the same time it was evaluating this project. In order to accommodate the distances and the requirement to evaluate both projects the team was forced to split up in order to obtain distinct information from each project. To accomplish this task, half the team went to Dingjie County, a county that is not part of the current project. This part of the team did the primary research on the evaluation of this project. The information they obtained was supplemented by information from the other members of the team who were looking at the current project in Tingri County and had the opportunity to see the relationship between this project and the current project. The Dingjie County team also spent one day in Tingri County obtaining a view of the project from that perspective. The composition of the team fortunately facilitated the necessity to split up. The team contained two microfinance specialists. Even though their areas of expertise differed it made it possible to conduct the institutional evaluation in both projects. The other two major components of the project are agricultural and social

development/gender. In [order to](#) accommodate the evaluation of these components in both locations the team was fortunate to have two individuals who had complimentary skills. One was an agricultural specialist with secondary skills in social development and gender. The social development specialist has secondary skills in agriculture. By working out the data they both required and sharing it, the team was able to collect the necessary data for this evaluation. These conditions may, however, impact on the depth of information in some areas but has provided this evaluation with a comprehensive review of the project.

2. Project Management

Because the project has been closed of almost a year there is little that can be said about project management. It was learned that the QNP MB in Shigatse that manages Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 4

the CPR/96/221 is the same that managed this project. The evidence presented in the findings largely indicates the type and quality of management. It should be noted, however, that the management in the QNP Branches is not necessarily the same now as it was during the execution of this project.

3. Microfinance Activities

3.1 Project *Plan Model and Expected Results*

The microfinance project in the QNP has basically realized the designed objective of the project by improving the accessibility of poor farmers in the project area to credit services through a participatory approach. It provided benefits to about 30% of the households in the project townships.

There is a huge demand by farmers for microfinance loans, in the project area. It is estimated that there is about another 30% of the households in the project area will take out microfinance loans using the present terms and conditions.

The loan products and management system included in the design are not the most suitable for Tibet's sparse population even though it has achieve good results.

3.2 Project *Implementation Experience*

3.2.1 Management and Financial Performance

In QNP CCC's have been required to play key roles in the implementation and maintenance of the project. It was found that most CCC's attained only primary education while some go the education of junior middle school. Although CCC's have a low level of education, they have been making solid progress in introducing microfinance which is totally new to Tibet and China. Most CCC's had attended five training courses provided by CICETE. These courses included the foundations of participatory mobilization, project procedures such as organization a center meeting, and management of funds. However, CCC's as a manager of the microfinance operation in their assigned villages and centers, and to some extent at the township level still lack the necessary capacity and training opportunities to fulfill their duties and tasks assigned by the project CCC's receive the same amount of monthly allowance determined by the project. An incentive mechanism linking the CCC's income to their work performance can be considered in the future.

The management capacity of the project is weak. In the QNP RDF there is only one part time project staff able to visit the project townships. The QNP MB staff appear to take little interest in the RDF and appear to leave the majority of the management of the RDF up to CICETE and the national consultant. A comprehensive MIS system would be too complex and inappropriate for this operation. The MIS requirements of this project are simple and only a scaled down version would be suitable for the operation in Tibet.

It was estimated that only 36% of the project funds from three townships was saved in banks in 1999. This was mainly because of the project's product design and the lack of business planning on the part of CCC's.

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3.2.2 Client Selection, Loan Application and Approval

The CCC's are required to select project areas and farmers, approve the application of farmers for microfinance loans, deliver and collect loans, provide technical training and other information as designed.

3.2.3 Loan Utilization

The following is a description of the loan usage in the six QNP townships where the project has been active.

Table 1 Distribution of Activities by Amount of Microfinance Funds for Six Townships

Activities	
Purchasing cattle	25
Wool textile	35
Trading	15
Tea and wine bar	5
Buying fertilizers	10
Purchasing production materials	10

3.2.4 Repayment and Delinquency

Interviews determined that the repayment performance of microfinance loans has been quite good. In addition to the need to reschedule loans in rush seasons and late payments occurring during the winter, the timely repayment rate in normal seasons has been over 95%. It is recommended that a detailed record be kept on late repayments and their reasons, or purposes of lending, in the QNP RDF and townships so that the project can take immediate action to address needs and problems of borrowers.

3.2.5 Subsequent Loans and Dropouts

Most of these households have received more than two loans from the project.

3.3 Institutional Assessment

The microfinance project in QNP was started in late 1996. Up to present, it has covered

45 villages in six townships in all four counties. There are about 700 active clients served by the microfinance component, of which 99.5% are women. This evaluation is based on the interview with the officers in the Qomolongma Rural Development Foundation in Shigatse, CCC's and clients in three project townships, Shaer, Riwu and Tashidzom from 31 October to November 14, 2000.

3.3.1 Governance

There has been a two-tier organizational structure governing the operation of the microfinance project in QNP. In the one hand, the administrative system through the QNP Working Commission in the Tibet Autonomous Region to villages functions as the coordinator and organizer of the project. In the other hand, the Qomolongma Nature Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 6

Preserve Rural Development Foundation (QNP RDF) in Shigatse with six township branches had been established to manage the microfinance funds. Linking the Shigatse Foundation headquarters to the township branches is a coordinator assigned to each county. Such an arrangement was made to reduce management levels and operational costs. However, the township level is quite limited because of poor communications and road conditions, the ability of the Foundation from Shigatse to supervise and monitor the microfinance operation. It was found that the road conditions in the project area are very poor with limited accessibility during rainy and snow seasons. In addition there presently no telephone or fax services available. The communications system in QNP project management requires urgent improvements for smooth and efficient operation.

The Foundation has a board of directors, composed of five people, one from the QNP Working Commission, three from the QNP Management Bureau, and one from CICETE. It is recommended that the board of directors include some professions from the local ABC or RCC as board members. The Foundation employees, two project officers, two accountants and a cashier. The also need further training in finance and banking if the microfinance operation of the RDF is to be sustainable in the long term.

A typical township branch is comprised of one director, one part-time accountant, and two or three CCC's. As the township management staff are government officials at the same time most all the directors and accountants of township branches have changed twice since the initiation of the project in 1996 due to change in jobs or position.

3.3.2 Products and Methods

The microfinance loans in QNP are lent to individuals in groups as a one-year term loan with an annual interest rate of 4.5%. A uniform monthly repayment is applied. The primary loan activities include wool, livestock, transportation and crop plating (See Table 1). The maximum loan size for the first loan is 1000 Yuan. Then can be increased to 1500 Yuan for the second loan. The largest loan permitted is 3000 Yuan. The minimum loan size is 50 Yuan. Up to now five rounds of loans have been delivered. Among the three townships where the evaluation team visited, there are 492 clients who have borrowed at least twice. The dropout rate is less than 20% in all townships combined. It was found that the people who dropped out did so mainly because the households lacked the labor force or repayment capacity, or they thought the size of loans was too small. Upon disbursing the loan principal, 5% is placed in forced mandatory and 2.5% is withheld as first interest repayment. The source of loan payments is primarily income from temporary work outside the community, trading, transportation, selling cheese, wine

or weaving, medicinal herbs, and timber marketing.

3.3.3 Lending Procedure

The eligibility criteria for first round loans were women with strong self-development capacity and a per capita income less than 300 Yuan. In the second round of loans, the borrowers with late repayment and default on the first round loan will not be eligible for another loan. In practice, however, this regulation was not strictly followed depending on the reason and long-term interests of the project. For instance, in Riwu Township, the clients with late repayment and default in the first round were provided with a smaller loan in the second round for continuous support. All eligible applicants are requested to voluntarily form into groups. The size of groups varied from 3 to 7 households. After Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 7

group formation, the group must approve the loan application of each member; the results are reported to the center leader and checked by CCC's. The CCC's check repayment capacity, need, and whether the loan was processed through the normal application procedure. After being checked, formal application forms are completed and approved by the CCC's or the director of township branch. For a first round loan, the application is checked and approved by the Foundation officers. CCC's in the township total the amount of loans being applied for, reported the loan demand to the Foundation as the basis for additional funds.

When the request for funds is approved by the Foundation, the accountant and two CCC's go together to the bank to withdrawal cash. The cash is then immediately disbursed to the clients.

For an application for the first loan the time from application to disbursement takes about 80 days. For the second round of loans, it took about 15 days. Recently the turnaround time has been reduced to 6 or 7 days.

After the disbursement of loans, CCC's go to the center meetings to collect the loan payment, provide market information, and monitor the progress of project funds. If a default has occurred, the local government helps make the collection. Late payment or absence from a center meeting will result in a fine of 0.5 to 1 Yuan. In 1999, there were 9 people who were absent from center meetings in Riwu.

3.3.4 Performance ,

3.3.4.1 Repayment Performance

It is very difficult to precisely estimate the late repayment rate over the life span of the project in QNP because no record of repayment has been kept over time. From the interviews with CCC's in three townships, it was found that late repayment usually occurs in rush season and winter. For example, in Riwu, there are eight clients who made late payments during the three winter months because snow restricted the farmers' access to market. In Shaer and Tashidzom, the repayment in rush season was delayed one month (See Table 2). In normal circumstances, the repayment rate has been over 95%. On average, the repayment rate for the three townships was close to 90%. The default was due partly to the clients having no repayment capacity, and partly to the limited management capacity of CCC's. When one member is late repaying, other group members may help to repay the overdue amount in default the first time. This does

happen for defaults over one month late. There is no specific penalty for a short term default. If default takes place in a group, other members are restricted to a lesser amount in the next loan.

Table 2. Late Repayment in Three Townships in 1999

	Riwu	Shaer	Tashidzom
Within 30 days	0	9970/286	58762/693
31-60 days	100817	0	0
Over 60 days	0	0	0

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3.3.4.1 Financial Performance

It is hard to capture the full picture of the financial performance for the project because the data on operational costs was not readily available. Table 3 presents the income and subsidies for three townships during 1998 and 1999.

Table 3. Income and Subsidies for Three Townships in 1998 and 1999

Township	Riwu		Shaer		Tashidzom		Total	
	1998	1999	1998	1999	1998	1999	1998	1999
Year								
Interest income from lending	2,065.50		2,482.9		4,157.0	15,729.75	19,332.45	23037.75
Interest income from capital	1349.36	232.72	22.36	267.37	860.4	1,335.52	1,788.76	1835.61
Other income			85.00	90.00			85.00	90.00
Subsidies from local government	2,025	3,025	4,880	6,840	3,10	3,100.00	18,605.00	21565
Project subsidies from CICETE	4,680	4,680	4,680		4,680		11,700.	21060
Subsidies/income	1.96	2.87	3.09	2.21	6801.70	0.87	1.87	1.71

Even if the cost of the funds is ignored, the ratio of subsidies from local government and CICETE compared to the income earned from the project operation are quite high. The ratio for the three townships in 1998 and 1999 were 1.87 and 1.71 respectively. The ratios varied between the townships with subsidies being lowest in Tashidzom.

3.3.5 Management

3.3.5.1 Human Resource Management

CCC's play the real key role in managing and operating the microfinance operation. They are required to select project areas and farmers, approve the loan application of farmers, deliver the loans and collect payments, provide technical training and perform other duties as assigned. Most of the CCC's had attended five training courses provided by CICETE and the Foundation. These courses were about participatory mobilization and project procedures such as organizing center meetings, and fund management. In the near future CCC's need to be trained in accounting, business planning, marketing and financial management.

All the CCC's receive fixed salaries from the project. The monthly salary of a CCC in the first year is 165, of which 15 is for medical fees, and 150 for wages. After 1998, 30 Yuan for communications costs was added. An incentive mechanism linking the

CCC's income to their work performance can be considered in the future. On average, the number of clients each CCC serves is about 78 which needs to be increased to make the operation sustainable.

3.3.5.2 Asset Management

The asset management in QNP can be improved through a new loan products instead of its current single loan product and through the introduction of an incentive mechanism for the CCC's.

Table 4. Amounts of Funds Disbursed from QRDF to Project Townships

Township	Amounts of Funds
Riwu	71,027
Shaer	88,840
Tashidzom	208,066
Yalei	45,236
Menbu	62,700
Jilong	16,600
Total	472,463

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3.3.6 Management Information System

The establishment of a practical management information system is needed for this project. The MIS should at least include the record of assets and financial management indicators as well as the records of late repayment and its reasons.

Table 5. Key Ratios in 1999 for Three Townships

KEY INDICATORS	
Number of staff	5
Number of credit officers	7
Average portfolio O/S	375,35
Number loans outstanding	551
Number of loans per staff	78
Effective interest rate	6.6%

3.3.7 Market

There is a huge potential market existing for microfinance in the project area. It has been estimated through this evaluation that there is an additional 30 percent of the households in the project area who are interested in borrowing and willing to accept the project's terms. The average size of loans demanded is about 1000 Yuan. Small loans are mainly for fertilizer and weaving.

4. Ecological Agriculture and Related Activities

4.1 Project implementation: Positive Results and Constraints 4.

1.1 Management Structure

The project implementing office resides in Qomolongma Nature Preserve (QNP) Administration Bureau, Shigatse prefecture, Tibet Autonomous Region. In the 4 four designated counties namely Tingri, Dingjie, Nyalam and Jilong in QNP, the county QNP branch administration offices were responsible for the execution of the demonstration of ecological agriculture and relevant activities in their respective territory. In cooperation with the concern township government and county agricultural and animal husbandry bureau, the project implementation offices both in prefecture and county levels implemented the demonstration of ecological and relevant activities with fully participation of local farmers.

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4.1.2 Selection of Techniques and Sites

At the initiation stage of the project, the project office authorized all villages involved in the project to submit their proposals about how they would apply the demonstration of ecological agricultural techniques in their area. Farmers, in group discussion at the village level, developed the preliminary proposals. These proposals were submitted to the county QNP branch office for appraisal. After reviewing all the preliminary proposals, the county QNP offices and government formulated formal proposals and submitted them to the project implementation office (QNP MB) in Shigatse prefecture for approval. CIECETE, the project office and UNDP had jointly invited a group of experts to review the proposals, the ecological agriculture techniques. The demonstration sites were selected through this review by experts and approved by the project office.

4.1.3 Scale and Ecological Agricultural Techniques Demonstrated

Seven categories of demonstration were implemented related to ecological agriculture, namely:

1. Reclaiming farmland: 466.2 Mu in Niexia township and 467 Mu of farmland in Qudan Township were developed.
2. An animal breeding program for livestock improvement in Dingjie County.
3. Reforestation demonstration and establishing seedling nursery. Two 400 square meter greenhouses were constructed in Jilong and Nyalam counties.
4. Demonstration of vegetable cropping: Two 350 square meter greenhouses combined with 25 Mu vegetable farm lands were established in Dingjie and Nyalam counties.
5. 1500 sets of solar cooker-were provided to poor households in the 4 project counties.

4.1.4 Ecological, Economic and Social Benefits of the Demonstration

1. Reclaiming farmland: About 300 poor farmer households have benefited from the reclaimed farmland. The farmers both in Niexia and Qudan Township generally have eliminated the shortages of grain food since the newly reclaimed farmlands came under cultivation. A diversified cropping system has been demonstrated on the new farmland, highland barley was intercropping with beans, potato, radish or Chinese cabbages; this new cropping model raised local farmers' interests and has been replicated. The newly reclaimed farmlands are irrigated by a new reservoir using connecting ditches, and circled by sand-proof tree belts.

2. Establishing irrigation systems and drinking wells: Farmers in two villages of Dingjie county have eliminated their water shortages both for irrigation and drinking.
 3. Breeding program for livestock production: Cross breeding between outside varieties and local varieties of cattle, sheep and rabbits was conducted to improve local livestock production. 71 farm households in Dingjie County were rewarding through participation in the demonstration by distinctively increasing livestock productivity.
 4. Reforestation demonstration and establishing seedling nursery: In Jilong County, the seedling nursery and greenhouse have been consistently provided tree seedlings for local forest rehabilitation, several kinds of orchard trees have also been introduced for cultivation in the nursery with very positive results. In Nyalam County, the greenhouse and seedling nursery was not operated properly. The project office has noticed the difficulties and adjustments are underway.
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5. Demonstration of vegetable cropping: The farmers involved in this demonstration have benefited by generating new income sources and diversifying their cropping system. Several kinds of new vegetable crops were successfully introduced into the particular ecosystem in Dingjie and Nyalam counties.
 6. Solar cookers: Of the 1500 solar cookers distributed, 70% of them were still in use, each set of solar cookers can annually save 500-700 Kg of wood fuel. It is believed by farmers that the rate of housewives contracting lung and eye diseases has been reduced dramatically by using solar cookers that was not the case when the burning the traditional. wooden fuels and yak dump.

4.1.5 Technical Support and Training Activities

The evaluation team found that almost all the training activities were for the training of CCC's and project staff. CCC's trained the farmers at the .center meetings. CCC's occasionally presented some general ideas about managing local crops and livestock at the meetings.

The technical support for the demonstration of ecological agriculture came from the county agricultural and animal husbandry bureau. It was strong and appropriate. However, the agriculture and livestock technical support to the clients was weak. There were almost no specific training activities designated for the training of clients in terms of ecological agriculture. The project staff explained that there were few agricultural and livestock extension agents working at the township and village levels. Qualified specialists were difficult to find. If extension agents working in the county station were contracted to provide technical support and training, the project could not possibly provide the enormous expenses incurred during their travel because of the remoteness of clients.

4.2 Impact

4.2.1 Level of Participation

The demonstration of 7 categories of ecological agriculture technologies was with the participation of local farmers. The reclaimed farmland has already been leased to poor local farmers, but the farmers expected a long-term lease 15 years instead of 3 years.

The project construction of a family hotel has attracted local farmers to establish 45 family hotels in the nearby in recent two years. The demonstration of vegetable cropping has introduced several kinds of crops into local agricultural ecosystem. In the demonstration villages, farmers has diversified their cropping system and are now raising potatoes, beans, radish and Chinese cabbage. Some farmers said they never had imagined that they could do these things before. In addition to the households given solar cookers, 369 more households bought solar cookers themselves leading to an increase in the number of solar cooker users in Tingri and Dingjie counties.

4.2.2 Impact on Clients: Long and Short Term

The demonstrations of ecological agriculture technologies have had a very positive impact on the clients. Some farmers have changed their traditional way of farming, by diversifying their cropping system. They have found out that there exists a great potential
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to increase their productivity in crop farming and livestock by using ecological agriculture approaches.

The micro finance project encouraged local farmers to find alternative ways to earn income, such as doing small business, making and selling handicrafts, trading and providing labor services These activities have made local farmers become more open to new ideas and information. The farmers have become more and more self-confident that they can rise out of poverty by changing from their traditional way of using natural resources to a more economically and ecologically sound approach.

4.2.3 Impact on Ecological Policies of Local Government

The Tingri county government adopted the farmland reclamation model developed by the project. Tingri County has built reservoirs with irrigation ditches and circled the low yield farmlands with sand-proof tree belts. In 1999, 3800 Mu low yield farmlands were renovated according the project model in Tingri County.

4.2.4 Relation with Other Agriculture and Poverty Alleviation Efforts

The project offices have good relationships with the county agricultural and animal husbandry bureaus. The county agricultural and animal husbandry bureaus provided strong technical support for the demonstration of ecological agricultural technologies. Local county poverty alleviation offices and planning commissions have also provided assistance in the construction of infrastructure for the demonstrations.

4.3 Conclusions

1. The demonstrations have had some very positive impacts. Local farmers have received benefits from newly reclaimed farmland and eliminated their food grains shortages.
2. Some farmers learned from the demonstration and have successfully diversified cropping system, introducing new vegetables and increasing their revenues.
3. The direct technical support and training to the farmers on ecological agriculture were weak and needed to improve.

5. Social Development

5.1 Project Model and Expected Results

This project intended to improve basic education and health services through the implementation of a range of sustainable social development activities, including education, health and sanitation training, utilization of solar energy along with other activities. The project also intended to improve living conditions and communications through a range of sustainable physical development activities, including water conservation and irrigation, farmland development, greenhouses for vegetables and other activities.

The project would also provide women with technical training and micro-credit loans. Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 13

After a series of planning activities, it was determined that the project objective was to establish a model for integrated sustainable development, piloting new methods and using a bottom-up approach to community development and poverty alleviation.

5.2 Mechanism for Gender Awareness and its Impact

Through the microfinance activities, this project put its effort on women becoming the members of microfinance groups and center leaders. The first key factor of the mechanism is to emphasize women's participation so as to recognize their ability and contribution to both family and production management. The second consideration is to use to the project's advantage, women's preoccupation with thrift and a stable home to help the repayment.

In the project villages selected by QNP Branch Bureau and the township government, all people in poverty who were interested in the project had the opportunity to be beneficiaries. The female clients are nearly 100% because of the emphasis on women's participation.

Date	Client			Group leader			Center leader		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
1999.9	645	642	3	140	139	1	42	41	1
2000.10	741	738	3	142	141		42	41	1

Provide by QNP staff.

Women have gained self-confidence after being a member of the microfinance group. They are doing more family and production organization than before. Some of them have the sense of timing that was excluded in their consideration before, because they have to remember the repayment date now. Receiving the loan changed some of women who could not previously count money. Eighty-five percent (85%) of the women can now write their name through practice at the center meeting.

Female center leaders are joining in more social activities, such as organizing members and providing information for villagers. There is not, however, a change in the status of women that is obvious or apparent. Men continue to have the dominant role in making decisions, even if they buy more decoration for their wives after the families earn more money. In project areas where commercial development level is still low, women's social

activities and mobility is limited to the family, the farmland, and the community. Where commercial activities have existed for a longer time, such as in Riwu Township, Dingjie County, women who have access to loans are more involved in marketing activities than in other project areas.

Female 'Mengxiaba' play an important role by organizing cooperative activities and presenting women and children health care information at center meetings. In Riwu Township, the female 'Mengxiaba' has become involved in township management work because of her good work in the project, even though she was previously a farmer after graduating from middle school.

Although this project has emphasized the women's participation in microfinance activities, it did not get project management to include gender awareness and gender analysis in the project implementation. The Working Commission has only a few women on staff. The Women's Federation is not an institutional member of the QNP Working Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 14

Commission. During the interviews, the team did not find the staff's gender awareness was influenced by the project. Some staff thought that the reason for women's participation was to be consistent with the central policy of equality and the repayment plan of the project. There were some staff that have come to realize the unrecognized economic contribution of rural women, but they did not see the advantage in changing this unequal situation.

There are 6 female staff members out of a total of 20 in the QNP RDF and its branches. In this configuration there are 3 female CCC's out of 15, and 3 female staff out of 5 in QNP MB. In the township, staff such as the director and accountant are part-time staff and are all male. The senior staff in the Branch Bureau are also male. Compared with the percentage of the female clients, the management structure has a significant gender imbalance. This imbalance has led to few project activities addressing the gender labor division and gender gap.

5.3 Social Services and their Impact

Another aspect of the project is social development demonstration activities. These activities included a drinking water system, a primary school and its facilities, toilets, solar cookers and a family hotel. These activities were designed to demonstrate to households the improved living conditions that are possible as a first step. Second, these demonstration assets were designed so local people or local organizations could manage them. It is hoped that in the long term these initiatives could be replicated so that more and more people could participate in these activities bring improved livelihood to the project area.

Three hundred eighty five (385) households have solved their drinking water problem through a drinking water system including wells and connecting pipelines. Two schools were built in remote mountainous areas, one in Dingjie County and one in Jilong County. These schools provide children from a total of 85 households with an access to elementary education. 1600 sets of teaching facilities including desks, chairs and generators were provided to these primary schools. Four public toilets along tourist routes were built and 500 toilets for village households have contributed to the improvement of public sanitation in the project area. A 450 square meter family hotel was constructed in Tingri County. The hotel generated 5 positions and has annual revenue of

40,000 Yuan. This hotel provides training facilities for the sustainable development of 45 other family hotels.

Microfinance activities also include various training on social development issues such as health care and sanitary protection. At the same time, Mengxiabas are helping the groups and centers to implement ecological activities such as centers planting trees of their own accord. The project has a training plan for the microfinance members, but it is not fixed or necessarily followed according to the findings of the team in Dingjie and Tingri County. As for the knowledge of health care, and women and children's hygiene, Mengxiaba have cooperated with Pangteba (village participants providing social services through another international development project) to raise awareness on these subjects at center meetings 2-3 times each year in Shaer Township, Dingjie County.

Some of the activities are producing the desired effects, and some of them are basically adding to the existing programs and activities.

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According to the interview with the Dingjie and Tingri QNP Branches, the replication of the demonstration activities in Dingjie and Tingri are the following. The family hotel model has encouraged farmers to establish 45 other during the past 2 years. After the demonstration elementary school was established the county education bureau used it as a model for other villages. As a result the local government built a similar elementary schools in Paiding Village, Jiangga Town, Dingjie County. Farmers contributed ten percent of the cost for these schools.

Although no specific investigation or analysis has been done as part of the project, there are some indications that the women's burden of collecting fuel has reduced, and that there has been some reduction in lung and eye diseases traditionally caused by traditional fuels. The drinking water demonstration activity has also had a positive impact. The water provided by the well and the water from the spring on the mountain is much cleaner than the river water. It is also much nearer the villagers' homes. No analysis is available on the improvement in health or the timesaving realized by the labor of women getting drinking water from the demonstration activity.

The QNP Ecotourism Masterplan draws out ten specific development project ideas, which consider ecotourism as both an economic rationale for conservation and a tool for poverty alleviation.

The implementation of this project has enhanced the staffs' understanding of the relationship between poverty alleviation and environmental protection. They now respect local conditions and believe that self-development activities can solve their problems. Especially through demonstration activities, like the family hotel, they are beginning to think about the expansion of productive activities that could reduce behavior that damages the environment and the ecological system.

5.4 Participatory Methodology

The project implementation has tried to keep the project's activities based on the conditions and needs of the grassroots. This has led to on-going improvements in the project activities.

During the process of making people aware of the project, meeting people was the only

way informing farmers about the project and giving them the opportunity to decide if they wanted to participate in the production and business activities available through the project. The project officers and the clients did not jointly do needs assessment for training and other services provided to the participants.

The main designers of the demonstration activities were from the higher levels of the QNP and selected activities based on their understanding of the local situation. QNP Branch bureau staff as well as township and village leaders led the implementation process. For example, the project management staff selected a village that lacked drinking water to be the drinking water demonstration village. Once selected the township and village leaders would go to the field to find the appropriate source of water. When the appropriate source of the water was found the villagers then provided their contribution as the labor force. The team found that this led to some empowerment but not to a significant level. The team found that when the ownership of the equipment used in a demonstration activity was clearly identified as belonging to the local people, they

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managed the equipment very well. An example of this is the well in Dingjie County that is protected by the villagers because they view it as theirs.

Demonstration activities provided poor people with access to variety of resources not previously available such as loans, land, technology, water, and education. Unfortunately the methodology to, select the right local people with the best knowledge was not always applied. Often local people do not know how to manage their natural resources. If they had been more involved in the management process the beneficiaries might have gained more.

5.5 Social Cohesion

Group and center establishment in the microfinance program encouraged local people to recognize the benefits of organizing and cooperation.

In some areas, Mengxiaba were able to organize the members into some collective activities, such as planting trees. In some areas, the groups even have ideas about building the roads and bridges, and cleaning their village. Non-project villagers have not expressed these ideas. The importance of mutual help developed in borrowing money and making payments has helped the groups to resist natural disaster as groups.

There is a building level of self confidence among local people so that they believe that if they could organize themselves they can make the right decisions if they have enough information, access to the necessary resources and they have the right to make the arrangements. The management staff still has a long way to go before they realize this capacity and are prepared to give up control and use it.

5.6 Follow up of Training and Organizational Use

In the project, two systems of management exist. One is from the QNP MB to Branch Bureau, then to township and village government. The other one is from the QNP RDF. It gets its direction from the QNP MB that then goes to the Township Foundation consisting of the township leader and Mengxiaba. Microfinance activities are implemented through this second system. Demonstration activities that encourage farmers in self-management are managing through the first system. Neither of these

systems, has follow up on training for their staff or the farmers on subjects such as management, gender, or health concerns.

This project has a good framework for enhancing comprehensive social development. To be more effective the methods of design and implementation need to be modified to make sure that activities in gender, health care and other social services are sustainable.

To accomplish this sustainability in social development a number of practices need to be implemented. First, gender training for management staff should be provided. Second, Mengxiaba and foundation staff must to receive regular training management and training as trainers. Third, there should be an exchange of experiences within project offices. This informal training pattern should accompany formal training. Formal training should emphasis the facilitation of self-organization and self-management. Fourth, implement villagers' self-management by giving them the ownership of the project and Promotion of Agenda 21, Sustainable Human Development in Qomolongma Nature Preserve CPR/96/165 17

the authority to establish the rules themselves. Finally, in future projects, villagers' participation should start with the design of the activities though the use of PRA tools. This will give demonstration activities the local basis they require to be most successful.

6. Conclusions

6.1 Relevance

A rural integrated development approach has been shown to be effective in other project evaluations in the UNDP's poverty alleviation program. The institutional assessment evaluations have demonstrated that the Grameen model applied consistently to all PA projects is not the best for the China context. The Grameen model is not suited to situations where there is a low density population. A 'cookie cutter' approach has also proven to be too inflexible and has no mechanism to deal with local circumstances. All of these previously demonstrated factors have proven true in the Tibet situation. The production increases achieved in the agricultural demonstration projects clearly show that with farmer involvement significant achievements can be attained.

6.2 Efficiency

The optimum efficiency of this project has been influenced the CCC's lack of education and skill. Under the circumstances more could have been achieved with targeted training at their skill level. A number of lessons have been learned about how to achieve optimum results in the delivery of agricultural extension.' If these lessons are applied to other aspects of the project improved results can be achieved throughout the project.

6.3 Effectiveness

In itself the project is quite effective at reaching the poor. The project is not entirely focused on households that hold PA cards. The project was designed only to initiate microfinance institutions and now needs to consider the long-term sustainability of these institutions. Failure to give this area a great deal of attention could lead to either the donor dependence of these institutions or providing only a temporary solution to poverty

reduction. Such consequences would likely place the beneficiaries with a risk of going back into the downward spiral of poverty.

7. Overall Recommendations and Lessons Learned

7.1 Microfinance

7.1.1 Recommendations for Existing Projects

1. CICETE needs to take advantage of the opportunity provided through the permission granted by the Ministry of Finance for CICETE to operate and manage microfinance programs. Upon examining the opportunities for sustainability it is clear that the RDA's need to diversify its sources of income in addition to loan interest to avoid donor dependence. There is a need to create regulations that allow the following to occur.
 - a. Clients should be permitted to save indefinitely in the RDA.
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 - b. The RDA should be trained in asset liability management and allowed to use the savings as a source of lending capital while paying a competitive interest rate on the savings.
 - c. CICETE/RDA should seek the possibility of borrowing money from either the government or a bank at a preferential rate and on-lend to the counties at no more than a .5% mark-up.
 - d. Criteria for the amount lent to counties should be based on their track record of loan repayment.
 - e. The on-lent funds should be lent to the RDA clients at the current rate of 8%.
 - f. As part of such a program CICETE/RDA may want to try to obtain a government guarantee for exceptional circumstances under which a wide spread loan loss occurs in a county. For example, a natural disaster or disease. Even though the current financial regulations may not be in place for some of these microfinance regulations to be put in place now, CICETE needs to begin pressing the government for permission to operate in this fashion in order to provide a regulatory environment in which microfinance institutions can thrive. In general, UNDP/CICETE needs to pay attention to the maintenance of microfinance projects in addition to developing sustainable microfinance models.
2. The capacities of CCC's should be strengthened through training. The main tasks of CCC's can only be focused on running and managing microfinance loans unless special training is provided or extra professional people are added.
3. An incentive system needs to be developed to link CCCs' income to their services.
4. At least one part time accountant needs to be recruited in each township to keep the books up to date in a timely manner. Local experts should train these accountants in basic bookkeeping.
5. It should be ensured that there is at least one full time staff in the QNP RDF responsible for supervising and managing the microfinance operation. The staff (s) must receive training in accounting and business planning and keep in frequent (monthly) contact with all project townships to monitor the repayment performance and the use of funds. If telephone and fax are available by the end of 2000, the monitoring can be done by faxed monthly reports.

6. More flexible and adaptable products should be developed to meet the needs of the clients and to increase the use of the fund to its full capacity.
7. With regard to the linkage of project 165 to project 221, microfinance is one effective method to link these two projects together. It is possible to include artisans in the groups with other farmers or to let them for groups separately depending on the special situations. What is important is that the size of loans, duration and frequency of repayment as well as the term of the loans should be adjusted to the need and demands of artisans.

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7.2 Ecological Agriculture and Related Activities

7.2.1 Lessons Learned for Future UNDP Projects

1. In QNP region, farmland reclaiming should be carefully planned and an environmental risk assessment conducted. Priority should be first given to the renovation of existing low yield farmlands through the construction of irrigation system and sand-proof tree belts. Agricultural production increases should rely on increasing crop yields per acreage instead of reclaiming farmland.
2. The population of livestock, especially goats, in QNP region needs to be kept in balance. Precautions should be taken to avoid the further desertification of pastures.
3. Farmers should be encouraged to diversify their cropping system. Demonstrations should be done on the extension of cereal crops, intercropping or rotation with beans.
4. At the replication stage of future programs, PRA should be carried out to identify the needs of farmers regarding ecological agriculture and livestock technologies. Project staff, CCC's and local extension agents should take intensive "training of trainer" courses based on the PRA techniques and to building local capacities so they can provide appropriate technical support and training for the clients.

7.3 Social Development Recommendations

7.3.1 Lessons Learned for Future UNDP Projects

1. Taking advantage of other projects, Mengxiaba (CCC's) could introduce more knowledge of gender issues, health care and hygiene protection into Center meetings. Projects such as 'Pangteba' funded by Future Generation Foundation could provide welfare personnel who have received comprehensive community development training. Since the microfinance groups currently exist, it is important for them to play their full role in providing resources to local people, especially women, to enhance member self development and capacity.
2. For the demonstration activities, management rules should be made clear. Only if the ownership of the existing assets is clarified, will local people manage and protect

them according to their own interest. Local people have the capacity to manage the equipment if they have the authority. After the local people realize the profits resulting from these project activities, such as clean water, less labor pressure, access to school, vegetable, and etc they will maintain the equipment if they own it. This will increase the likelihood that these activities will be extended and replicated.

3. In terms of infrastructure construction, PRA methods should be used in all aspects of the project design, implementation and management. After the farmers have participated in the entire process, they will have contributed their knowledge and consider the process as their own work. If high-level institutions are controlling the process and are responsible for the results, local people will not recognize their

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responsibilities and will lack the positive attitude and capacity to continue those activities.

4. Training courses on gender awareness and gender analysis should be provided to the staff of QNP Working Commission and to the grassroots institutions. This training should lead to a balanced gender composition of staff. On the other hand, a change in working style should become evident following the gender awareness training. This evidence should include the following:

- i. First, the access to various resources should be provided to women and men equally.
- ii. Second, both men and women should realize the importance of women's contributions to the work.

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