

**Statement of Arthur N. Holcombe, President, Tibet Poverty Alleviation Fund
At the Congressional-Executive Commission on China Staff Roundtable
Monday 10 June 2002**

I am pleased to have this opportunity to speak to you today about the current situation in Tibet. Tibet remains a contentious issue in the US, and one can approach the subject from many perspectives. As the former Resident Representative of the UN Development Program in China during the 1990s and the President of the Tibet Poverty Alleviation Fund since February 1998, I have been engaged in development work in Tibet since 1992. This has provided me with certain perspectives which I would like to share on current economic and social trends there, and on international assistance being provided to help improve the lives of average Tibetans.

The Chinese Government reports that GDP in the Tibet autonomous Region has expanded at an average annual rate of about 11.9 percent since 1992, and that this is among the fastest growth in any Province of China during this period. It also reports of progress being made to develop main transport routes, expand electric power production, upgrade telecommunications infrastructure and speed up of municipal construction in major cities and towns. It also highlights the growth of tourist numbers and earnings, and the expanding output in the productive sectors, particularly commercial agriculture and minerals. It also points to the progress in establishing basic health services and education reaching most the population since 1959.

The Central Government is providing special financial and residence liberalization incentives to attract outside entrepreneurs and semiskilled workers to take advantage of economic reforms taking place in Tibet, and to help force the pace of private sector investment and growth. At the same time it is providing about 95 percent of Tibet's capital and recurrent budgets, about the equivalent of \$180 million annually, to help compensate for the widespread local poverty and lack of local revenue, and to ensure continuing economic and social advancement. Most recently, the Central Government has been publicizing its Western Development Campaign, which it indicates should help to promote local development, welfare and economic stability among local ethnic populations in Tibet and other Western Provinces, while helping to develop their gas, oil and other natural resources of overall national importance. In Tibet, the first big project under this Campaign is the Qinghai to Lhasa railway link at an estimated cost of 20 billion RMB.

Rapid growth in Tibet has improved living conditions, particularly for Tibetans and migrant Han and Hui Muslim people living in the urban areas, and along main transport routes. However, it is important to understand the distortions created by the present urban oriented market economy growth taking place in Tibet, and the implications of such urban orientation for most of the Tibetan population still living in rural areas and depending on traditional agricultural and livestock pursuits.

What are some of the distortions?

First, Tibet's rapid employment and income growth has been primarily in the modern urban sector, and has been driven by a dynamic, even cut throat, private sector in which Han and Hui Muslim populations have been dominant. It has included Han farming populations that have been instrumental in the development of a major peri-urban green house agriculture that has sprung up around main urban areas. This urban oriented growth has contributed to rapidly increasing income disparity between urban and rural areas, and between Han and Tibetan populations, as most Tibetans still depend for their livelihoods on relatively low productivity subsistence agriculture and animal husbandry in rural areas. This is acknowledged by the Government which estimated average per capita family income in urban areas of Tibet to be the equivalent of \$606 in 1996, in comparison to only \$117 in rural areas, and growing at about 5 times the rate in rural areas.

Second, Government investment since the mid 1980s has given priority to the development of infrastructure supporting economic reforms and opening up in urban areas. This has resulted in inadequate funds being available for rural economic and social infrastructure, including rural credit, improved basic health services and education and vocational skills training. Because Tibetans have not been provided with opportunities to learn modern skills, the Government has found it expedient to encourage increasing numbers of migrants with the skills needed for its investment projects. Most rural Tibetan children today don't advance beyond primary schooling, and rural Tibetan families tend to underutilize existing basic health services because of their long distance from villages, their high costs or the low quality of health care being provided.

Third, the economic reforms and opening up have made it more difficult for traditional Tibetan urban enterprises to compete with better funded, more experienced and lower cost Han managed enterprises in urban areas. There is growing evidence of Han enterprises, which now constitute about 70 percent of all enterprises in Lhasa Municipality, squeezing out Tibetan enterprises even in traditional Tibetan product areas such as Tibetan clothing, furniture, painting, clothing, restaurants and dry goods and food retailing. In Lhasa today, there are about 340 officially registered Han enterprises in the "handicraft" sector, and only 28 Tibetan enterprises. Moreover, with the opening up of Tibet to the outside, Nepalese entrepreneurs in Tibet have recently been able to import high quality traditional jewelry and dominate the local tourist trade in this area, undermining traditional Tibetan artisan production.

Fourth, urban construction technologies and practices in Tibet have advanced to modern earthworks, reinforced concrete and glass designs and complicated construction machinery that are beyond the traditional construction experience and practices of existing Tibetan construction workers. A result is that most transport and urban infrastructure today is built and maintained by outside, more highly qualified workers.

Fifth, Tibetan youth in rural areas are increasingly being attracted to the urban areas with their higher paying employment opportunities and more comfortable living conditions -but without the skills needed to secure steady, well remunerated work. A consequence is that they are increasingly getting into crime and other unlawful activity. To some extent this problem is exacerbated by the lack of business and vocational skills training facilities in Lhasa and other urban areas to prepare urban Tibetan and Han youth for available jobs in the modern sector.

Economic and social policies in Tibet are basically similar to those set by the Central Chinese Communist Party and Government for all Provinces of China. Thus, for example, Tibet has social policies that call for:

- elimination of absolute poverty among most disadvantaged populations in most resource deficient areas;
- universal access to basic health care, reinforced by a Community Medical System health insurance program,
- in rural areas, replacement of all two year community primary schools with six year state primary schools, and by 2003, achieve six years of primary education for all rural primary school aged children, and nine years in urban areas;
- introduction of vocational skills curricula initially in 1000 pilot primary and middle schools located in 21 counties;
- winter village housing in proximity to health clinics and primary schooling for all Nomads that presently don't have it by 2005;

It is hard to fault these policies, as they focus on improving the human capacities and living conditions of the Tibetan ethnic population in Tibet. The basic problem is that with the Central Government development priority in Tibet being given to investment in urban infrastructure supporting economic reforms, there hasn't been enough money available to implement these laudable policies. Our concern is that the Central and TAR Governments must allocate sufficient funds to upgrade rural health and education services and to greatly expand vocational skills training for Tibetans in rural and urban areas. Unless they do, Tibetans will continue to be hurt rather than be helped by the continued expansion of Tibet's market economy, and the new railway to Tibet will only intensify existing migratory trends, exacerbate ethnic income disparities and further marginalize Tibetans in traditional economic pursuits.

To in part compensate for the limited investment in rural services, the Government of the Tibet Autonomous Region has encouraged international, bilateral and non-governmental organization donors to support rurally oriented programs of direct benefit to Tibetan communities. These have been largely in the basic health, education and water resource development sectors, although some support to household agriculture and livestock activities and vocational skills training has also been provided. This assistance has been largely concentrated in open rural counties around main municipal areas, and in the Qomolangma Nature Preserve located in Southwest Tibet along the Nepalese border. There have been some recent exceptions, including with Canadian CIDA and our Tibet Poverty Alleviation Fund which have been encouraged to work in closed counties of Nakchu Prefecture. I have attached to my statement a partial summary of recent external assistance to Tibet, which shows these overall patterns.

On behalf of TPAF, I had a meeting in April 1998 with Mr. Guo Jinlong, the present TAR Party Secretary, at the time we were developing the outlines of our assistance in Lhoka and Nakchu Prefectures. He urged us to do everything we could to help poor Tibetan households to participate in the expanding market economy in order to benefit from the increased income and other benefits it offered. He also indicated frankly that in Nakchu Prefecture the Government had not succeeded in getting nomad households to participate more actively in Tibet's cash economy. He indicated that the TAR Government would be most interested to support any programs TPAF could develop that helped to integrate nomads more closely with Nakchu's small, but expanding, modern sector.

In this spirit, TPAF has given emphasis in its programming to the provision of small loans to rural Tibetan households for investment in new income generating activities, to rural and urban employable skills training, to Tibetan enterprise support and development, and to reform of rural education to include basic employable skills curricula. These and other TPAF project activities are generally implemented jointly with Tibetan staff employed at lower levels of Government. We believe this helps to strengthen local capacity to continue implementation of project activities after termination of our assistance. Our projects are also designed to demonstrate ways Government and other donors can enhance their support to Tibetan participation in the market economy and modern sector in the future.

Other US NGOs have also been able to collaborate effectively with the TAR Government and implement programs that help to improve basic health and other human services of benefit to Tibetan communities. While we all would like to see a reorientation of Central Government and TAR resource allocations to be of greater direct benefit to Tibetan families and communities, we believe that US NGOs have been able to help improve working and living conditions for Tibetans in Tibet. We also believe that stepped up US Government support to US NGOs prioritizing Tibetan human development helps to signal the values and social development priorities that we as Americans believe need to be given higher priority in Tibet.

Thank you.

Addendum

Major Donor Assistance to Tibet 1999-2002

Donor Organization	Sector of Activity	Observations
Australia	(1)Rural Health Care, Water Supply Development (Shigatse) (2) Support to IDD Elimination Campaign (3) HIV/AIDS Control (Lhasa Municipality)	(1)Implemented by Australian Red Cross (3) To commence in 2002
Belgium	(1) Training in essential drugs (2) R&D in Kashin-Beck Big Bone Disease	Implemented by Medicins Sans Frontiers
Canada	(1) Mixed farming and Nomadic Livestock Development, Reproductive Health, and Environmental Protection (Lhoka and Nakchu Prefectures) (2) Many small Canada Fund projects	(2) Implemented by local governments
European Union	(1)Irrigated Agriculture, Health and Education Development (Panam County, Shigatse Prefecture) (2) Vocational Education Curriculum Development in Four Rural Vocational Training Centers	(1)Originally developed and approved in mid 1992 (2) Implemented by the Tibet Poverty Alleviation Fund during 1999
Germany	(1)Rehabilitation of small rural hydropower Stations (Lhasa, Lhoka and Lingzhi Prefectures) (2)Vocational Skills Training (Lhasa Municipality and elsewhere)	
Italy	Construction of hospital and primary schools	Implemented by Italian NGO Associazione per la Solidarieta Internazionale in Asia (ASIA)
Netherlands	(1)Pasture Rehabilitation, Village WellsDevelopment, Midwife Training, Urban Skills Training (2)Sustainable Community Development in Qomolangma Nature Preserve (3) Water Supply	(1)Implemented by TPAF (2)Implemented by The Mountain Institute (3) Implemented by ASIA (Italian NGO)
New Zealand	Poverty Alleviation in Lhoka Prefecture	Implemented by TAR and Lhoka Prefecture Governments
Norway	Preventive Health Care--Kashin-Beck (big bone) disease	Implemented by Medicins Sans Frontiers
United States	(1)Health and Nutrition (2)Entrepreneurship Development (3)Improved Eye Care (4)Education and Training	(1)Implemented TERMA Foundation (2)Implemented by The Mountain Inst. (3)SEVA (4) Implemented by Tibet Fund
UNDP	(1)Integrated Rural Development-QNP area (2)Improved design of Tibetan Artisan jewelry and	(1)Implemented by national and local government units

	other products	(2)Financed by the Government of Finland
UNICEF	(1) Basic Health and Nutrition (2) Primary Education (3) Microfinance for Women	Implemented by national, regional and local government units
United Kingdom	Rural Health Care, Education and Water Supply (Panam County, Shigatse Pref.)	Implemented by Save the Children, UK
WHO	(1) Workshops on health education and printing of health materials (2) cold chain and safe injection project	Implemented by WHO and TAR Health Bureau
Ford Foundation (USA)	(1) Reproductive Health (2) Vocational Skills Development (Nakchu Municipality) (3) Enterprise Development	Implemented by TPAFImplemented by TPAFImplemented by The Mountain Institute
Future Generations (USA)	Primary Health Care, other	Located in Qomolangma Nature Preserve (South West Tibet)
Kadoorie Charitable Foundation (Hong Kong)	(1)Microfinance, Reproductive Health Training, Urban and Rural Skills Dev't (2)Child Nutrition(3) Small Business Development	(1) Implemented by TPAF (2)Implemented by TERMA Foundation (3)Implemented by The Mountain Institute
SEVA (USA)	Rural Eye Care	US Government Funding
Swiss Red Cross	Rural Health Care	Implemented with and by Shigatse Prefecture
The Mountain Institute (USA)	(1)Sustainable Community Development Qomolangma Nature Preserve (South West Tibet) (2) Assistance in small enterprise development	(1)Netherlands and US Government Funding (2) Ford Foundation funding and other
Tibet Poverty Alleviation Fund (USA)	(1) Small loans to about 1,000 families in Nakchu and Lhoka Prefectures) (2) Development of TAR Safe Motherhood Strategy, township doctor and village midwife training (3) Rural and Urban Vocational Skills Training (4) Introduction of Vocational Curricula in Pilot Primary and Middle Schools of 21 counties (5) Clean water supply in 14 villages (Nakchu Prefecture) (6) Tibetan Artisan Enterprise Development	(1)Funded by Kadoorie Charitable Foundations (KCF) (2)Funded by Ford Foundation (3)Funded by KCF, Dutch Government, Bridge Fund (4)Funded by anonymous US foundation (4)Funded by Dutch Government (5) Funded by KCF, Bridge Bund
The TERMA Foundation (USA)	Child Nutrition, Maternal and Child Health, Tibetan Medicine, TB, and Ricketts Prevention	US Government Funding and other
Tibet Heritage Fund	Preservation of Old Lhasa City area	Implemented with Lhasa Municipal Government (Terminated by TAR Government in 2000)

Trace Foundation (USA)	(1) Technical Training for Restoration and Rehabilitation of Old Lhasa City area; (2) Primary Education (Nakchu) (3) Micro-enterprise development (Dingjie County) (4) Handicraft Training (Lhoka Prefecture)	(1) Implemented by Tibet Heritage Fund
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