



Revolving Sheep Bank Fact Sheet

What are its purposes?

- * To provide impoverished Tibetan nomad households with a 5-year loan of reproductive-age ewes and nannies to foster economic self-sufficiency.
- *To inject funds into the local economy by purchasing ewes and nannies from local nomads.
- * To create a self-perpetuating animal bank that will continue to loan sheep (and goats) to poor households after the project ends.
- *To assess the efficacy of the trial project and determine its utility for other nomadic pastoral regions in Tibet.

How did it start?

Anthropologists Professor Melvyn C. Goldstein, Dr Cynthia Beall and Benjor, one of Prof. Goldstein's PhD students, have worked in the Phala area of Western Tibet for many years. Hoping to encourage sustainable economic development they conceived the Revolving Sheep Bank. Prof Goldstein presented the project to BODHI in 1999, and it began the following year.

How does it work?

Every year for four years, four different selected households receive 50 fertile ewes and/or nannies (as they prefer). They will repay half of their loan in Year 4 in kind (fertile ewes and/or nannies) and half in Year 5. In Year 5, the Revolving Sheep Bank will be receiving 200 ewes and nannies per year so will be completely self-sufficient. Households pay no interest and keep all by-products, such as offspring, milk, meat, skins, wool, butter and cheese. Animals that are repaid into the Revolving Sheep Bank will then be lent to other nomads.

Assuming 10% annual mortality of adult sheep and 30% annual mortality of lambs and kids, at the end of five years the Revolving Sheep Bank will be repaid in full from the first year's loan.

Where do the sheep and goats come?

Reproductive-aged ewes and nanny goats are purchased from wealthier nomads in the area.

Why don't you charge interest?

Interest is usually charged for three reasons: to compensate for inflation, to meet running costs and to make a profit. In the Revolving Sheep Bank, there is no inflation because loans are repaid in kind. Running costs are subsidised by the Xiang officials and BODHI. And yes, we have no desire to make a profit.

Who gets the loaned animals?

Poorer nomads who, nonetheless are judged a good credit risk.



Who runs the project?

Prof. Goldstein travelled from the U.S. to Tibet to set it up, with the blessing and participation of the Chinese government. The local xiang, or administrative district, administer the project and assume **ongoing** administrative costs. A retired nomad schoolteacher, Yonden, monitors progress. Prof. Goldstein returned this year (2001) and will return at least once more for monitoring and evaluation purposes.

Professor Melvyn C. Goldstein is John Reynolds Harkness Professor of Anthropology, Case Western Reserve University (CWRU), Professor of International Health, School of Medicine, CWRU (secondary appointment), Director, Center for Research on Tibet, CWRU, and Chairman, Department of Anthropology, CWRU.



What is BODHI's financial commitment?

BODHI pays for sheep and goats (US\$ 18/A\$36 each), Yonden's wages (US\$500 p/a) and travel expenses such as jeep rental and costs. We do not pay for international air travel. In Year 1 we sent US\$7350 to Tibet and in Year 2 US\$3150. We expect to send \$4300 in Year 3.

Is there a report I can look at?

You may access reports on our website: www.bodhi.net.au

What sort of response has the project generated?

Print press coverage has been very positive in Australia, the U.S. and Europe. Tibetan Bulletin in Dharmasala has also been supportive. Radio coverage has included the BBC's World Service, and Australian agricultural programs.

We've had much support from individuals, and now need corporate support.

The project is being used in the U.S. by an economics professor as an example for his students.

FAQs Revolving Sheep Bank Answered by Prof Melvyn C Goldstein

Eric Edmonds, Asst Prof. Economics, Dartmouth

I was reading about your sheep bank project, and I don't understand. What's the incentive of farmers to pay back the young ewes? He's already gotten the original set of ewes (so it's not that he's missing out on anything by not repaying), and presumably the young ewes have some economic value (so it's costly for him to give them up).

Answer: This is a trial. First, like any lending agency we selected families that we judged have the capacity to improve, i.e., they have labor in their household and household heads who are good people who want to improve their lives. There are other families who consist of only one person and are somewhat undisciplined; we chose not to assist these since we doubted their ability to manage the loan; they seemed a poor credit risk. We hope that families will do well and repay due to peer pressure, both from local officials and other relatives and neighbors who might benefit by the bank in the future. It is possible that the local government could simply confiscate the owed animals but I doubt they would do that. However, I think that if households do well we have an excellent chance of getting a high degree of repayment. We will monitor this yearly and do follow up interview work as needed to study the process.



How does this differ from a Grameen Bank model? Why not use that?

Answer: We think that in Tibet micro-loan programs based on the Grameen Bank have been subsidized in the sense that there is a heavy overhead cost used to set up local workers to help borrowers and collect payments (literally this starts from month 1). Thus, these are not obviously self-sustaining. The measure of success in Tibet has basically been the % of payback, not the ability of the loan to change the livelihood of the recipient. (This is what we generally understand, and there may be exceptions.) Our thoughts in setting up the revolving fund, is to do something different, that is to really have an impact on the lives of people by providing them something that really gives them a chance to succeed. We wish we could have had more families involved, since in all endeavors there are random factors (luck) that may lead some to not succeed, so having a larger sample size improves the ability to test the idea.



As well, since repayments are made in kind (that is sheep are exchanged in years 4 and 5 for sheep received in year 1) inflation is avoided. Thus, one of the main reasons for requiring interest repayments is avoided.

Frank Merewether, November 2000

Has anyone looked into the environmental effects of sheep grazing on the Tibetan plateau? It's my impression that they can have rather serious environmental consequences, though I'm definitely no expert. Why not yaks?

Answer: This is an area where there is an excess of pasture so overgrazing is not a problem. In this area the vegetation yak prefer is scarce so only about 10% of herds are yak. Sheep/goats are the main economic engine; they do well and provide needed commodities. In more easterly areas, the vegetation changes somewhat and the proportion of yak increase.

Ian Pattie, reporter, The Launceston Examiner, October 2000

How many nomads does the project serve?

Answer: There are approximately 2 million nomads in Tibet (officially the Tibet Autonomous Region). The Revolving Sheep Bank potentially serves a population of about 700,000. Tibetan (and most Mongol) nomads move two or three times a year. But in this area they do not move far - perhaps only a day or at most two) because they are not moving from the mountains to the lowlands where there continues to be fresh grass. In Tibet, by mid-September the growing season ends and for the next eight months the nomads' animals survive on senescent grass. Thus the strategy is basically to move from the summer grazing areas to a fall-early winter grazing area that was not used over the summer, and stay there until December or so, and then move back to their winter quarters - usually the same general area as in the summer. In between, they often send out satellite tents with special animals, e.g., yaks in winter go higher to a new camp, and when sheep and goats give birth in spring they also move to special sites.

Chope Paljor Tsering, September 2000

Aren't wealthy nomads worried about competition for resources if they sell sheep to poor nomads?

Answer: The richer nomads all have to sell some animals normally and we paid a good price so they did well. In this region, the herd size of nomad households is limited, based on the herd size in 1996. This means that there is an excess of grassland in this region - there is enough grass for the people in this area. Social welfare and poverty alleviation are also strong social motives, so there seems little resentment towards the scheme.

Julian Green, November 1999

How did the idea originate?

Answer: We started studying this group in detail in 1986 and have returned for follow up studies every few years. Our last fieldwork was in 1997-98. We have learned that while most of the nomads have done okay as a result of the ending of communes (in 1981) a considerable number of nomads are poor, unable to break out of poverty associated with a core herd of animals that is too small. Such nomads, traditionally, have no access to credit. As well there are no sources of sideline income available in the area. The nomads

also reluctant do not want to migrate to cities (and even if they did, there are few jobs there because of the competition from more skilled Chinese labourers and Tibetan villagers from the farming areas around Lhasa etc). In the late 1980s, the government experimented by making small amounts of money available to poor nomads so they could enter into local trade (buying cloth, tea etc from town - a two day truck trip - and selling it in the area).



However, all of these cases failed. Consequently, in most of the poverty cases, the government provides just enough welfare to keep them from starving, but it is a bad situation and local officials have been trying to find some way to intervene to for some years.

In one case of a very poor but really nice nomad friend of ours, the Swiss Red Cross gave a package of welfare aid to the province; included in this was a one time gift of some animals. In the area we were working, one family got some sheep as a gift and it was this friend of ours. He received 40 female sheep in 1994 and by 1998 had been able raise himself from among the very poorest in the area to the middle class. It was a wonderful transformation. He now is working twice as hard as before to take care of the animals and is very careful about not killing too many for food etc.

From this case, Dr Cynthia Beall, Benjor and I developed the concept of revolving sheep bank. This differs from the original example in that the initial animals are provided as a loan, not a gift. This is more sustainable in the long run, because it means that the project can be on-going; it also fits in better with



Western donors because the project promotes development, rather than dependency (though the original example shows that, sometimes, welfare with no strings attached can also lead to self-sufficiency.)

Julian Green, November 1999

Can we get a letter from the local xiang stating that they will assume ongoing administrative costs?

Answer: It will not be possible. These people live in the highlands where there is no electricity and no phones. The officials do get mail, but it could take a month or more after reaching Lhasa for a letter to get out there, and then I'm not sure they could handle postage back to the US etc.

What I would be willing to do, however, is give my personal guarantee that if we do not get such a written commitment of assistance from the local government, I will not dispense the money. Also, I know they are willing to do this because I had a detailed discussion with the top leaders (both of whom are ethnic Tibetan nomads—there are no Chinese officials out there) and they not only were strongly in favour of this but also personally assured me they would oversee it so that everything went smoothly. One of the reasons for the initial in-person trip to set this up is precisely to secure such a written agreement (strange to say Tibetan culture is traditionally very legalistic with written documents common) and to set up ways to monitor the situation on an ongoing basis. For example, the top nomad leader there periodically goes to the county seat and towns such as Shigatse and Lhasa, and we will be able to work out a way for him to ring either a colleague in Lhasa such as Tashi Tsering or at the Tibet Academy, as well as send us written reports. But all of this can only be done initially in person.

