

NEWSLETTER

JAN – JUNE 2016



Letter from the Director

Dear Friends,

I present you with January–June 2016 edition of Heifer Newsletter featuring updates and accomplishments of our work. Our signature project “Strengthening Smallholders in Livestock Value Chain Enterprises” (SLVC) aims at reducing importation of milk by 10% and goats by 30% by involving 138,000 smallholders in value chain enterprises for increasing their family income and nutrition level (2012-2017). In this issue we share a case study conducted in one of the SLVC sub-projects. The study reveals encouraging findings on the socio-economic changes occurring in a Chepang community that we work with in Siddhi.

With the formation of a new ministry for Livestock Development, we had the honor to welcome Honorable Minister for Livestock Development, Ms. Shanta Manbi, Honorable State Minister Ms. Nardevi Pun Magar and Dr. Krishna Chandra Paudel, Secretary of Livestock Development

to our office to share Heifer’s work in Nepal and discussed on how Heifer could contribute to the commitment of the new ministry. We also conducted “Learning and Action Planning for SLVC project” workshop which was attended by leaders from HQ and various Heifer Country Programs. This provided us with a platform for sharing and learning from our experiences.

Heifer Project Nepal- LSE, sister organization of Heifer International Nepal has been working in partnership with GALVmed in Newcastle Disease Control Project in Nepal, Phase-II project. This project has been fundamental in establishing backyard poultry as a stable source of income. You can learn more about our efforts to tackling issues faced by backyard poultry keepers in this report.

We hope this will be an insightful read to all our readers. To learn more about Heifer’s work and get updates please visit our website and Facebook page.

A handwritten signature in black ink, appearing to read "Shubh N Mahato".

Dr. Shubh N. Mahato
Country Director, Heifer International Nepal

NEWS
&
EVENTS

Data Base Management and Information System Launched for Better Data Management at Project Partner Level

Heifer Nepal has built a Database management and information system to manage progress records and information obtained at sub-project level. The system has two components: client application and server application. Project partners enter all figures and progress records achieved at field in client application and respective Heifer staffs compile it to review the progress and monitor the project activities in server application. It is based on MySQL and provides various functions that allow entry, storage and retrieval of large quantities of information and provides ways to manage how that information is organized.

The software has a provision of documentation of progress achieved at field level. It also provides facility to export and aggregation of progress reports at different level. Hence, its helps to increase efficacy of project staffs to manage the project.

The software has been implemented in 38 sub projects till the end of MAY 2016. Altogether 38 project coordinators have been trained on how to operate the software application. Undermining the overhead, it comes with an advantage to both the project holders, field, and Heifer’s country office team in terms of database/project management at different levels.

Project Launched to Connect Goat Farmers with Market

Heifer Nepal, launched "Making Market Work for Women Goat Farmers (M4W) – Banke Goat Commercialization Project" on 31 January, 2016 in Nepalgunj, Banke. The event was chaired by Dr. Shubh N. Mahato, Heifer Country Director while Mr. Jib Lal Bhusal, Local Development Officer (LDO) of Banke was the chief guest. Special guests included Chief of District Livestock Service Office (DLSO), District Women and Children Office and representatives from District Livestock Quarantine Office and District Forest Office among others.

The M4W project has been funded by Heifer International and being implemented by Heifer Project Nepal, sister organization of Heifer Project International Nepal (HPIN), in collaboration with Social Entrepreneur Women's (SEW) Cooperatives. The goal of this project is to connect goat farmers with the market, establish live goat marketing system and fair goat value chain. The project has supported primary SEW cooperatives to unite them to form a District Union (DU) that leads the business/marketing function on behalf of the primary coops. This project builds on HP IN's "Strengthening Smallholder Farmers in Livestock Value Chain" (SLVC) project, which targets at reducing goat import by 30% and milk import by 10% by involving 138,000 smallholders in goat and dairy value chain enterprises for increasing their family income and nutritional level.

Chief Guest Mr. Jib Nath Bhusal, LDO Banke applauded Heifer for an exemplary project that addresses the major constraints in commercial goat farming that is lack of organized live goat marketing system. He also provided commitment on behalf of the local government agency to take ownership and carry forward the project activities if it brings outstanding outcomes.



Dr. Shubh N. Mahato, Country Director, Heifer Nepal highlighted that government had made commitment to make Nepal independent in egg, milk and meat and Heifer can contribute in meat sector. He mentioned that government, private sector and civil society work together, this is an easy goal to achieve, and M4W project is a prototype model of such kind.

Under M4W project, HPN has identified 18 goat collection points and placed 12 weighing balance at primary coops so that farmers can get fair price for their goats. The M4W project has targeted to trade more than 31,000 goats by the fifth year of operation with profit of more than USD 120,000 to the DU.

Nepal Finance Team Conducts Parallel Co-Funding (Pcf) Workshop For Sharing Knowledge with Other Country Programs

Heifer Nepal Finance Team conducted PCF workshop on February 2016 for Heifer HQ and Heifer Africa finance staff. Major agenda of the program was to share best practices from Nepal on PCF planning with stakeholders, identification of funding sources, funds flow mechanism, procedures and policies in place to capture PCF, identification of software for recording PCF, collaboration between Finance and M&E to track expenses and inputs & audit trail of accounts.

PCF accounts for nearly 40% of the total budget for Heifer



Nepal's "Strengthening Smallholder in Livestock Value Chain" project. Heifer has been able to pool limited resources by locally leveraging project budget and efforts to create sustainable impact. PCF sources include local government, group funds, NGOs, CBOs and financial institutions. Heifer Leadership has put high emphasis for putting procedures/system in place for ensuring transparency in accounting for PCF resources.

The workshop helped participants to understand about planning and reporting process. They also conducted project partners' office visit to inspect implementation of the procedures. Finally, the workshop was concluded with a commitment by Heifer Africa Finance Team to adopt the best practices learned from Nepal and set up a system for capturing auditable PCF data.

Heifer Nepal had conducted a similar learning program for Heifer Asia Finance Team in March 2014.

In 2012, Heifer Nepal Finance Team successfully pioneered the SMART project management software, which adequately captures accounting and programmatic data for Heifer's funds and PCF funds. Since 2012, Heifer Nepal has helped 13 other Heifer nations across Asia and Africa to build their systems/procedures for capturing PCF. SMART software is in use in Philippines and Bangladesh offices. Heifer Nepal Finance Team was also nominated for Heifer Impact Award 2015 across Heifer countries for this innovation and sharing.

Heifer Nepal Welcomed Minister for Livestock Development

Heifer Nepal organized an interaction program with the Ministry of Livestock Development (MoLD) on 12 February 2016. The program's objective was to provide information on Heifer's work, current cooperation with Nepal Government and discuss possibilities of future collaboration and partnership with the newly formed ministry. Hon. Minister for Livestock Development Ms. Shanta Manbi and Hon. State Minister Ms. Nardevi Pun Magar were welcomed to Heifer office as the chief guests. Dr. Krishna Chandra Paudel, Secretary of Livestock Development, Mr. Shyam Paudyal, Joint Secretary and Dr. Keshav P. Premy, Director General, Department of Livestock Services (DLS) participated as special guests in the program.

Dr. Shubh N. Mahato, Country Director for Heifer Nepal welcomed the Hon. Ministers, high-level government officials, and all the participants. The discussion was focused on the pledge made by MoLD to make Nepal independent on egg, milk and meat in three years.

Hon. Minister Ms. Shanta Manbi appreciated and applauded Heifer's work. She further added "We need to collaborate in order to help landless farmers make livelihood, scientifically solve the local level challenges in feed, breed, health and market and make these programs sustainable".

Mr. Krishna Chandra Paudel, Secretary of MoLD mentioned that the ministry has considered Heifer as one of the prime partner to achieve this target as Heifer's 10 year program goal is also focused on import substitution of goat and milk. He said "MoLD and Heifer has a role to make plan to fill the gaps and address challenges in livestock sector".

Dr. Keshav P. Premy, Director General of DLS highlighted that Heifer has been working jointly with DLS in all of its projects and programs. "Heifer has been complementing the work of DLS and we would like to continue this collaboration" he further added.



Heifer Nepal Country Director Appointed as National Advisory for the Ministry of Livestock Development (MOLD)

Dr. Shubh N. Mahato, Heifer Nepal Country Director has been appointed as a National Advisory Committee member for the recently formed MOLD. Dr. Krishna Chandra Paudel, Secretary of the Ministry wrote, “Valuing your capability, talent and experience in livestock development and your contribution to furthering this field, you have been appointed as a member of National Advisory Committee by the Minister for Livestock Development. The Ministry anticipates significant suggestions, opinions and recommendations from you during your tenure.” The ministry also recognized Heifer Nepal as one of the key players in the sector of livestock development.

As a member of the advisory committee, Dr. Mahato is expected to support the government for appropriate policy

formulation, help determine priorities in matters of research and investigation on related subject matter, inform regarding new discoveries, research findings and latest technologies on related subject matter, provide suggestions and recommendations to ensure maximum utilization of the limited resources, and provide suggestions to strengthen relations and foster collaborations with national and international organizations.

Dr. Mahato has been with Heifer Nepal since 2004 before which he was the Director General of Department of Livestock Service. He brings his extensive field experience and government networks to Heifer and has helped Heifer Nepal in transfer of technology at the grass root level and to collaborate with Government line agencies for improved project results.

Learning and Action Planning for “Strengthening Smallholders in Livestock Value Chain” (Slvc) Project Workshop Concluded on High Note

Heifer International organized a workshop in Nepal from 2nd–5th May, 2016. It was attended by Hilary Haddigan, Chief of Mission effectiveness, Dr. Mahendra Lohani, Sr. Vice President of Programs, Maggie Thomas, Program Manager Strengthening Social Capital Development, David Norman, Sr. Vice President Investment Program, Nepal leadership, M&E representatives from Ecuador, Zambia, India and Rwanda and Mid-term evaluation (MTE) team. The event was facilitated by Rienzzie Karn, Sr. Director for Evaluation, Research, & Learning.

SLVC is a signature project of Nepal which targets on reducing importation of live goats by 30% and milk by 10% by involving 138,000 smallholders in value chain enterprises of goat and dairy for increasing their family income and nutrition level by 2017.



The workshop's agendas were:

- 1) To build on learning from the local and global perspective and develop an action plan to address the recommendations of the mid-term evaluation and firsthand accounts from various stakeholders for the purpose of triangulated data to inform the design of future projects.
- 2) To identify ways of learning and adapting at a rapid pace from monitoring data to improve project effectiveness.

The workshop included, review and discussion of MTE and

Global impact monitoring (GIM) data 2015 of the SLVC project, which was shared by the evaluators and Nepal's M&E team respectively. The participants provided a list of recommendations on production, agro-forestry, nutrition, gender and finance for further improvement of the project.

At the end of the workshop the participants prepared an action plan to ensure the learnings from the workshop will be documented, shared and used for organizational benefit.

Controlling Newcastle Disease in Backyard Poultry (BYP) for Increased Income and Nutrition

BYP plays a major role in the farming system in Nepal. It is a source of income and nutrition for families and due to its low cost of production, it don't require much capital, land and labor input. Yet farmers have not been able to reap profit due to inadequate knowledge of good husbandry practices and lack of sustainable system to prevent poultry diseases and mortality.

Newcastle disease (ND) is one of the major causes of high poultry mortality. Vaccines are available, but BYP keepers are unaware of the preventive measures that can save their birds. There is also either lack of knowledge regarding importance of maintaining cold chain or appliances needed.

Undertaking these problems can help to establish BYP as a lucrative commodity as it is in high demand. Heifer Project Nepal, (HPN), sister organization of Heifer International Nepal worked to address these issues through its project Newcastle Disease Control Project in Nepal, Phase-II, in partnership with GALVmed. The project was designed to mitigate problems of Backyard Poultry (BYP) by creating awareness among farmers about improved BYP farming and regular deworming and ND vaccination. This was implemented during the period of October 2013 to May 2016 in 50 villages in 3 districts in western part of Nepal - Banke, Bardiya and Surkhet.

It aimed at benefitting 39,826 BYP keeper by establishing a dependable supply chain of ND vaccine and other inputs like anthelmintic as well as developing trained Community Animal Health Worker (CAHW) to deliver services. The project also conducted regular vaccination and deworming campaigns with the help of local Community Animal Health Workers (CAHW), local partner NGOs and District Livestock Service Office (DLSO) of respective districts. During such campaigns 734,587 birds from 30,651 BYP households were vaccinated with help of 93 vaccinators. These vaccinators were fully trained on BYP management, vaccination and cold chain maintenance by Heifer.

The project's end line survey showed that BYP keepers vaccinating against ND had increased from 20 % to 73% in



the area. The flock size per household had increased from 4 before the project to 9 at end line. Similarly, annual income had increased from NPR 283 to NPR 1,041 from selling eggs and from NPR 7,799 to NPR 26,102 from selling poultry. The project has been successful in making behavioral changes in the mindset of farmers as they have started to vaccinate their birds voluntarily and pay for the services. This is because farmers saw direct connection between vaccinating their birds and increase in their BYP income.

Everyone at various level of engagement - BYP keepers, CAHWs and vaccine and medicine sellers has gained from outcomes of the project. The project has boosted demand for ND vaccine and other poultry health products like anthelmintic along with service of CAHWs to improve nutrition and income from BYP. An ethical value chain system for vaccines that connects to the rural areas has been established. This model is expected to be sustainable

as all stakeholders benefit from it and each is dependent on other to make it viable. Farmers are recognizing that even BYP keeping can contribute as a steady source of household income and are ready to invest in preventive health care. Local level stakeholders and government veterinary officers are very enthusiastic about this model and are planning to replicate this model of de-worming followed by ND vaccination in every 3 months in non-project VDCs and to continue with the program.

Animal health workers and retailers are effectively maintaining cold chain of vaccines while storing and transporting. No outbreak of ND has been reported in vaccinated areas implying vaccine cold chain has not been compromised. They have also benefited from steady demand for the vaccines as it includes their service charge. This mechanism ensures a sustainable value chain for vaccines.

BYP and other livestock and poultry related intervention programs should be incorporated with social mobilization programs for better acceptance and impact. Such type of program should be replicated to other areas as soon as possible which will help BYP keepers in income generation and livelihood improvement.



CASE STUDY

Goat Enterprise Leads to Economic Sustainability in Chepang Community

Overview

Despite being only 20 km away from Narayanghat, a big town, residents of Siddhi Village Development Committee (VDC) of Chitwan district have not been able to access its booming market. This is mostly due to its difficult terrain and prevalent socio-economic backwardness. Majority of the population in the village are Chepangs - a semi-nomadic group which has only recently started to settle down and practice agriculture, before which they heavily depended on forest for their survival.

Recognizing potential for goat farming in Siddhi, Heifer launched its project “Strengthening Smallholder Enterprise

Support from the project at various levels:

- Project introduction workshop with government line agencies and stakeholders to introduce the project and garner cooperation for its implementation.
- Training on BYP economics, health, husbandry, and vaccination for technical coordinators (TC) & government vet technicians to promote awareness on good practices in BYP keeping
- Training on BYP economics, health, and husbandry for CAHWs and project staff
- Training on cold chain maintenance to CAHWs, government veterinary technicians, retailers & stockiest
- Cool box and poultry medicine fund support to CAHWs and refrigerator for 3 retailers at appropriate locations to ensure maintenance of cold chain
- ND and improved BYP husbandry awareness by calling mass gathering and conducting street dramas in VDCs
- Posters, pamphlets, wall paintings for public awareness

Dil Kumari Thapa is a smallholder farmer from Kunathari, Surkhet who was struggling to make a decent living for her family. She raised different livestock but was unable to gain stable income from its sale due to regular disease outbreak. When she attended a street drama organized by the project, she learned about the ND and its preventive measures. To learn more on this, she also talked to a local animal health worker who trained her on improving BYP health and good husbandry practices. She quickly adopted the lessons in her daily life and vaccinated her birds along with other livestock. Today, she feels proud to share that in a single clutch her hens give 20 eggs which used to be only 12 before. Now her hens produce put to 4 clutch a year which used to be 2 before. This year she earned NPR 1, 10,000 (USD 1,100) by selling chickens and eggs. She has constructed a new chicken coop using locally available resources and provides them with supplement feed. With the extra income, she has constructed a 5,000 liters water tank to irrigate her vegetable garden. Her neighbors are impressed by what she has been able to achieve in a year and are motivated to replicate the same model.

in Chepang Community” on March 2012. The project aimed to improve livelihoods of 643 smallholder families in Siddhi through enterprising in goat value chain.

In addition to building farmers’ capacity, Heifer also recognized the need to train farmers to think as entrepreneurs. Selected farmers were given Entrepreneurship Development training to help them pursue their farm as a business. They prepared their own business plans where they decided number of goats they wanted to raise, calculated investment they needed to make and number of goats they had to sell to make profit.

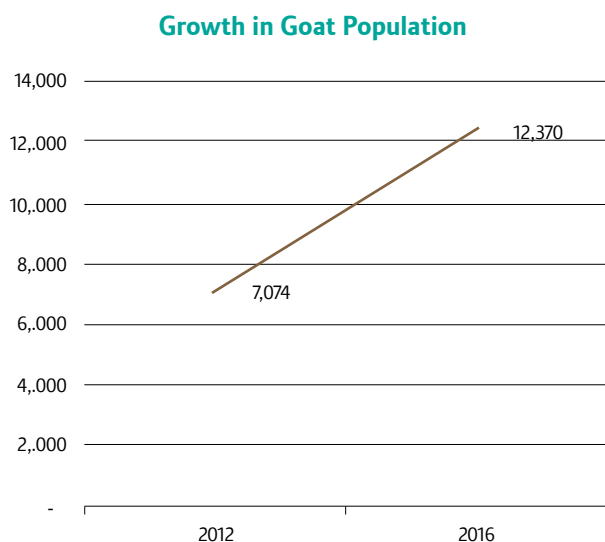


Fig.1: Increment in goat population over years (2012-2016)

On April 2016, a study was conducted to measure the change in enterprise scale and efficiency over the project period and identify the most efficient scale for smallholders of that landscape. Primary information were collected through focus group discussion (10), in-depth household survey (32) and stakeholder consultation interview (5). The study sample were taken from stratified population of 5 breeding doe model (BDM) (5±2 doe), 10 BDM (10±2 doe), 15 BDM (15±2 doe) and 20 BDM (20±2 doe).

Findings

Since start of the project four years ago (2012) which cover 96% of Siddhi's population, there has been significant increase (75%) in total goat population and average flock size of 19.2 goats/household.

Measure of Enterprise and Entrepreneurship

Goat enterprise has become primary source of income for 90% of population in Siddhi. With their participation in project activities like trainings, meetings, campaigns and exposure they could not only enhance their knowledge, skill but also realized the economic opportunity of enterprising goats. As a result, the average enterprise scale has increased to 19.2 goats/hh against 11 in 2012.

The adoption of recommended goat husbandry practices was found increasing with increase in flock size which has contributed to increased productivity (15%) and decreased mortality (10%) thereby significantly increased the off-take rate. On the other hand, the farmers are gradually participating on collective action for goat marketing where fair price is determined on live weight basis.

Farmers have minimized cost of production by substituting concentrated feeds with leguminous fodder and forage which is cultivated on marginal land and slopes. Improved farm management practices were observed in higher BDM (15

Neesha Chepang, a beneficiary shares, "Goat enterprise has become a way of life for me. It has played a vital role in eliminating the problem of hunger and poverty for my family."

to 20 doe) such as construction of improved shed, regular medical care for goats, proper feeding, breeding and sanitation practices.

Market age and weight at time of sell in higher BDMs were closer to the benchmark than in lower BDMs (5 to 10 does). Thus, there is correlation between BDM, management practices, mortality rate and economic returns made by the farmers.

Almost all farmers sell their goats by weighing. Prices have been fixed under joint effort of traders and producers. Hari Khadka, local collector shares, "The system of goat marketing in Siddi, Shaktikhor and neighboring villages has changed drastically. Farmers prefer to sell their goats only after weighing them. This system minimizes the risk of bearing loss for both producers and traders." Thus, the project has been able to guide Siddhi towards economic growth and sustainability.

Economic Analysis

Before this project, farmers were only mainly bartering their goats with the traders in nearby market for the goods of their basic needs. In 2012, the average household income from goat was NPR 9,713 only. In spite of higher flock size in comparison to national average, the very poor earning from goat was due to very poor pricing (valuation) of their goats while bartering with other goods and services, lack of market information and weighing system while selling. But in 2015, the average earning from goat was 27,672 per household which is 185% higher than baseline. This substantial gain in income was resulted with increased off-take rate, better quality of goats and better pricing system.

More specifically, economic analysis of the goat enterprise of different doe model was done. All the direct expenses were calculated in the enterprise analysis but family labor cost is excluded from this calculation due to no opportunity cost at the community. The revenue received from selling goats were only counted and the cost is subtracted to calculate the net return.

Out of 4 different doe models compared in the study, the 15 doe model was found to be economically sound. Though the profitability index (PI) for each model was found good enough to start with, it was found highest in 15 doe model. This indicates the resource optimization and profit maximization exists at 15 doe model in existing situation. Although opportunity cost of labor is not calculated, efficient utilization

Marketable Age and Weight

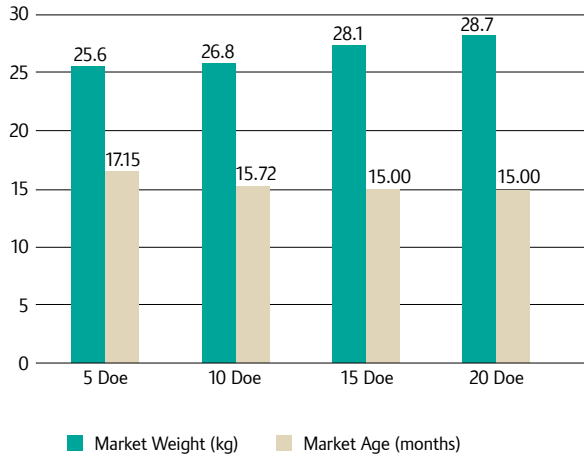


Fig.2 Market weight and market age in different doe model.

of family labor is observed in higher BDMs. Since there is limited economic opportunities in Siddhi, goat enterprise stands as profitable and provide at least one member/ household with full employment and appreciable income.

There was significant increase in net return in higher BDMs. Farmers rearing lesser number of does, 5 - 10 were still at subsistence level, making average annual net return of NPR 35, 087 and 68,325 respectively. It seems rational to increase doe numbers from 10 to 15 as there is narrow increment in production cost (22%) but with significant increment in net

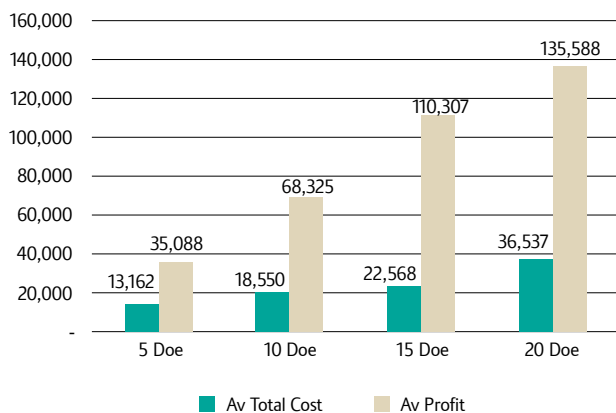
return (61%). With scaling up the enterprise from 15 doe to 20 doe model, it was observed that farmers invested in building shed structure and other fixed assets which has increased the fixed cost but the flock size was still below the capacity. this is the situation of under-utilization of resources and lower profitability index which can be improved with increase in flock size.

Conclusion

Analyzing the tremendous scope for enterprising goat in Siddhi, despite of its difficult terrain with lack of transportation facility, poor access to basic services, persistent hunger and poverty, Heifer had intervened with its social and technical packages to help the smallholders to increase their income. As a result, 98.6% of the household of Siddhi, who are engaged in goat rearing could improve their goat enterprise making it as a reliable source of income. Similar to other project areas, Heifer Nepal's strategic focus on Production by Mass (PbM) over Production in Mass (PiM) is clearly reflected in Siddhi which could substantially reduce the hunger and poverty of large population and increase the total marketable surplus to meet the national demand and substitute the import. The PbM principle is directly concerned to increase efficiency and creating inclusive business models along the chain.

There is significant change in income and earnings of Chepangs during last four years. Further, economic capital has driven them towards social empowerment. People have begun to show concerns regarding education, health nutrition and gender equity. Majority of the children have joined schools,

Cost Benefit Analysis (NRS/HH)



Cost Benefit Analysis (NRS/Doe)

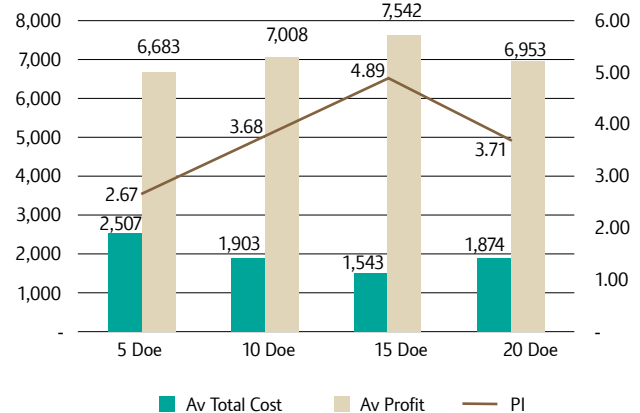


Fig.3 Cost Return Analysis

Prakash Thapa, local leader shares, "In my experience, majority of the projects make people parasite and their impact vanishes soon after its termination. In contrast, SLVC project has been able to change the perception and mentality of people and guided them towards enterprising and self- reliance."

toilets are being constructed and food security ensured. Majority of the men work as semi/unskilled labors while women are engaged in their goat enterprises. This is also ensuring that women are more financially independent. The knowledge and skill on enterprise management gained and practiced in goat are also helpful to better manage their subsidiary enterprises like vegetables and beekeeping and increase their contribution in household income.