

Annual Report 2015 Nepal



Heifer International

For over 70 years, Heifer has provided livestock and environmentally sound agriculture training to improve the lives of those who struggle daily for reliable sources of food and income. Heifer is currently working in more than 30 countries to help families and communities become self-reliant.

Mission Statement

Heifer International's mission is to work with communities to end hunger and poverty and care for the earth.

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Letter from the Country Director

Dear friends,

It gives me great pleasure to present you with this year's Annual Report. This report gives our readers the progress achieved in fiscal year 2015 along with a comprehensive understanding of Heifer's program approach and its accomplishments in the last 18 years in Nepal. During this period, we have been able to work with 214,888 poor and vulnerable families to bring them out of poverty and help them secure an annual livable wage to live resilient and self-reliant lives.

Heifer Nepal's work is guided by its Theory of Change which includes physical aspects of livelihoods – increase in income and assets, food security and nutrition and environment friendly practices – and social aspects – social capital and women's empowerment. It is our core belief that social aspects when combined with physical aspects create multiplier effect that accelerates and expands program impacts.

The year of 2015 was also severely marked by a devastating earthquake on 25 April. Heifer Nepal for the first time was directly involved in emergency response and provided nearly 23,000 families with temporary shelter kits. We have worked in 10 project districts to help the beneficiaries recover from the

losses and meet their most urgent needs. Heifer also partnered with USAID/ Office of U.S. Foreign Disaster Assistance (OFDA) in the "Helping Earthquake-Affected Livestock in Nepal" project to mobilize community-based livestock service systems to help earthquake affected households protect their livestock assets.

Finally, I would like to take this opportunity to extend my gratitude towards all our donors without whom all these achievements would not have been possible. I am grateful to USAID/OFDA, Ministry of Agricultural Development, Department of Livestock Services, relevant District Disaster Relief Committees, our partner NGOs, and national and local stakeholders for their support and cooperation in making 2015 a great success.

Dr. Shubh N. Mahato
Country Director



Heifer Nepal Country Program

Heifer International initiated its work in Nepal in 1993 through a goat raising project which supported 25 families. Its country program office was established in 1997 and has since grown into a one of the major livestock development organizations in the country. Heifer Nepal has been working towards expanding its program impact to serve more families through the use of

technology and innovation. We currently operate in 32 districts of Nepal and have reached 214,888 farming families.

Approach

To bring families from a state of poverty and vulnerability to sustainability and resilience, the program will focus on two major pathways:

Empowerment and Institutional Strengthening: Heifer Nepal will use the Values Based Holistic Community Development (VBHCD) approach for empowerment of individuals, unveiling and nurturing women's leadership, strengthening social harmony, building grassroots institutions and enabling them to emerge as strong players in the community and the value chain.

Sustainable Production and Marketing System: First, production support systems including inputs, technology, and financial services are made accessible to rural farmers. Livestock technologies and quality standards are introduced through trainings and inputs to enhance production and meet economy of scale.

Heifer Nepal's 10 year program goal:

By 2023, through a focus on the goat and dairy value chains, Heifer Nepal will work to bring 500,000 families from a state of poverty to attain livable wage through their engagement in competitive, sustainable, and inclusive enterprises for bringing economic growth, improved livelihoods and food and nutrition security.

Each year approximately 500,000 goats and \$14 million worth of milk products are imported. Therefore, both commodities are of very high priority to the national government. By working in these two commodities, Heifer Nepal will contribute to 50% and 25% reduction in goat and dairy import respectively and be able to bring poor smallholder farmers out of poverty. We will also be poised to leverage support and collaboration from other stakeholders in the government and private sector with similar priorities.

Target families
500,000

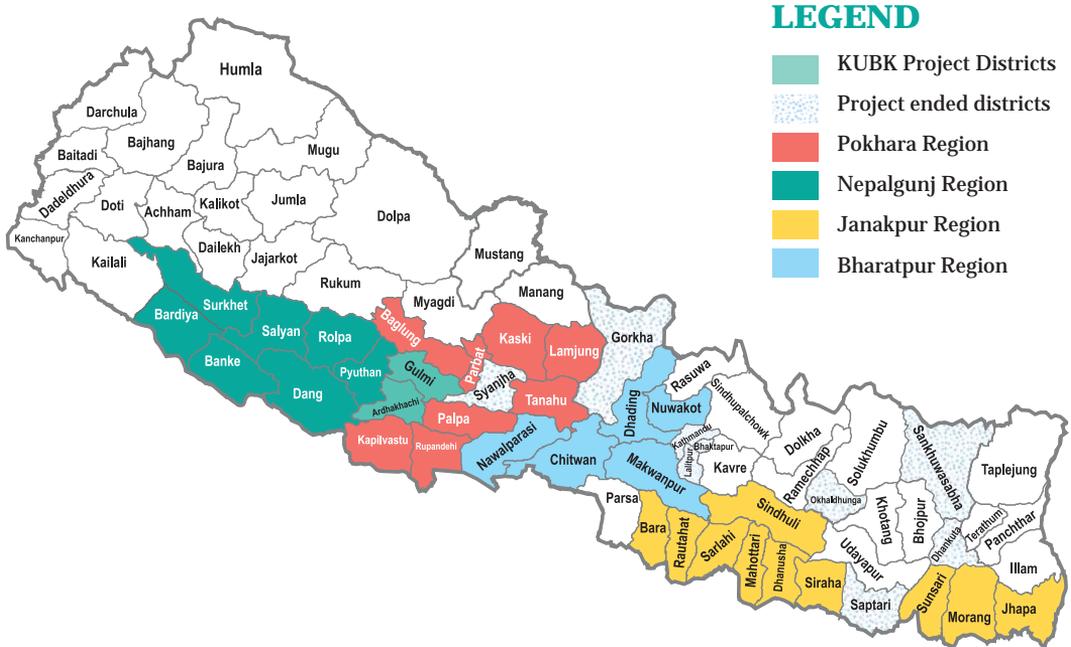


Increase in Production:
900,000 goats/annum
100,000 liters/day milk

Target annual family income
\$2,800-4,500



HEIFER NEPAL WORKING DISTRICTS



Major Institutional Donors and Partners

- Heifer International
- USAID/Office of U.S. Foreign Disaster Assistance (OFDA)
- Department of Livestock Services, Nepal
- Ministry of Agricultural Development, Nepal
- District Disaster Relief Committees, Nepal
- Village Development Committees, Nepal

Heifer projects in 2015

Strengthening Smallholder Enterprises of Livestock Value Chain for Poverty Reduction and Economic Growth in Nepal (SLVC)

SLVC has supported 128,732 smallholder families from 30 districts and connected them to different farmers' organization since 2012. Of this, 19% of the families were originally supported by Heifer who then passed on the gift of knowledge and resources to the remaining 81%

To increase livestock productivity, Heifer has trained and mobilized 216 Community Agro-vet Entrepreneurs (CAVEs) to provide veterinary and agricultural services. So far Heifer has supported in the construction of 5,690 improved livestock sheds and plantation of varieties of fodder/forages in 3,109 hectares of land.

As of June 2015, 144 social entrepreneur women's (SEW) cooperatives have been registered with 42,306 members in total. Twenty-six of these cooperatives have received NPR. 62,950,000 (approx.



USD 629,500) fund as wholesale lending from different financial institutions, 22 have started operating fair price grocery shops and 13 have started bulking and scheduling of goats.

Heifer International is the major funder for this USD 23 million project of which USD 9.23 million has been raised through local leverage.

Kisankalagi Unnat Biu-Bijan Karyakram (KUBK) (Improved Seeds for Farmers Program) – Improvement in Goat Productivity

KUBK is a Nepal government project primarily funded by International Fund for Agricultural Development (IFAD) with a total budget of USD 59 million to support accelerated agricultural growth in which Heifer is supporting in implementation of Improving goat productivity primarily in Gulmi and Arghakhachi and technical assistance in livestock component.

The project has reached out to 1,369 household through 54 self-help groups (SHGs) since 2014. The project has placed 2,789 female goats and 57 breeding buck with the original group members along



with various capacity building and income generation trainings. These members are expected to pass on the gifts to other families for resource multiplication. To increase farmer's access to veterinary

service, 18 CAVEs have been trained and mobilized. In addition they have also received agro-vet setup funds and veterinary kits including cool boxes, burdizzo castrators and microscopes.

Heifer trained 19 technical officers and government veterinary technicians from its project areas on improved goat health and

Evaluating the welfare impact of a livestock transfer program in Nepal

Since 2014, the project has served 2,660 families, of which 42% were originally supported. The project has placed 1,858 female goats and 41 breeding bucks while 45 CAVEs have been trained and mobilized to provide veterinary and agriculture services to farmers. In addition 144 hectares of land has been planted with nutritious fodder/forage.

The project activities are implemented and funded by Heifer International with a budget of USD 1.6 million while the research component testing the impact of social capital development and asset transfer has been funded by USAID Innovation Lab (BASIS Assets and Market Access Innovation Lab, Adapting

husbandry with the objective of building their technical capacity. Similarly, Heifer facilitated training of trainers (ToT) on Farmers' Field School (FFS) for government staff, technical officers, technicians and smallholder farmers. The four-year project has been co-funded by Heifer with an amount of USD 2.5 million and USD 1.8 million by the Government of Nepal.



Livestock Systems to Climate Change Innovation Lab) at the University of California Davis and implemented by Montana State University, University of Georgia, International Food Policy and Research Institute, and Nepa School of Social Sciences and Humanities.

Providing Support to Flood and Landslide victims in Heifer Project Areas

Heifer contributed USD 50,000 in total to the district disaster relief committee (DDRC) in Banke, Baridya, Dang, Surkhet and Sindhuli and participated in DDRC meeting for formulating plans for relief support to 6,165 victim families with immediate relief support.

For intermediate support, Heifer assisted 9,649 families with direct support in shelter, agricultural input, livestock sheds and vet medicines, fodder/forage and drinking water.



A community based disaster risk management training manual has also been developed to train project staff and Heifer's beneficiaries on disaster preparedness and management. The one year project was funded by Heifer International with a budget of USD 552,680.

Progress in Program Areas

Strengthening Smallholder Enterprise in Sundarpur Village Development Committee (VDC) in Morang: a case study

Heifer Nepal started its work in Sundarpur Village in Morang district in February 2013 under the SLVC project with the goal of improving livelihoods of smallholder rural families through agri-livestock based enterprise development. Heifer is working with 2,153 families in the village by organizing them into Self Help Groups (SHGs).

The project also helped federate 99 Self Help Groups into a Social Entrepreneur Cooperative which currently has 1,751 members. It provided 1,886 group members with pre-cooperative education training that helped them understand the importance and fundamentals of a cooperative. The major function of the cooperative is to serve as a business hub providing its members with savings and credit services along with farm inputs for purchase and bulking, aggregation and marketing of farm produce.

Though the project has only completed 2 years, beneficiaries in Sundarpur have an average earning of NPR 39,165 (USD 391) from goats, which is about 10% of their total annual family income.

The survey shows 57% of the project beneficiaries have enough fodder/forage to last for the entire year while 26% reported to have enough to last for 4-8 months. The trainings, the improved goat breeds and fodder development interventions have resulted in increased goat productivity in Sundarpur.

One of the best practices observed in this area is that farmers sold their goats at the age of 11.91 months. The average weight of a goat at the time of sale was 25.4 kg. Before the project, the market age used to be 17.5 months and weight only 19.3 kg. Goats rapidly gain weight before they reach 12 months of age, then the rate of the weight gain becomes slower. Therefore, selling them at this age has resulted in decreased cost of production.

Theory of Change

Heifer's work focuses on improvements in the five components below which work together to take families from vulnerability to sustainability. Physical aspects (red blocks) combined with social aspects (orange blocks) form a multiplier effect that accelerates processes and expands impacts.

GOAL: MOVE COMMUNITIES FROM A STATE OF POVERTY AND VULNERABILITY TO SUSTAINABILITY AND RESILIENCE





Milansar Social Entrepreneur Women's (SEW) Cooperative has already sold 374 seeds goats used for breeding and 187 meat goats worth NPR 5,026,000 (approx. USD 50,261) in total since it started operating the goat marketing business in January 2015. The cooperative also offers savings and credit facilities. Across Nepal, Heifer is helping farmers to register their own cooperatives like Milansar SEW Cooperative.

Income and assets

Heifer aims at increasing income and asset-acquiring capacity of the rural population by working with smallholder farmers to increase their productivity and connecting them to the market.

This year Heifer trained 127,482 people to enable them to increase their income from the agriculture and livestock sectors. By assisting farmers to form their own cooperatives, Heifer has increased their access to credit for investment in productive activities and acquiring of productive assets. These cooperatives also operate marketing businesses, ensuring farmers' access to market and fair price for their products.



127,482
people trained on income
generation and capacity
building



144 Social Entrepreneur
Cooperatives operating to
provide their services to
42,326 families

In 3 years of Heifer's program intervention

Average income
increased by
68%

On average, **NPR 105,164**
(approx. **USD 1050**) worth of assets has
been acquired by each family annually

Farmers have increased
the sale of goats
by **185%**





Heifer's activities are nutrition sensitive and contribute to improving nutrition of women, children and families through awareness programs, support in increasing production of nutritious varieties of food and economic empowerment of women.

Food Security and Nutrition

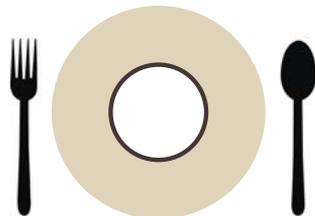
In order to ensure food security for the poor and marginalized, Heifer works on increasing farm productivity through introduction of a systematic farming and livestock raising system that is easily adaptable by farmers. Heifer promotes homestead food production through distribution of vegetable and fruits seeds and saplings and backing it up with training on homestead food production, nutrition, hygiene and balanced diet.

In 3 years of Heifer's program intervention

Goat productivity has increased by **36%**



Average number of meals per day has increased from **2.47** to **3.07**



Out of **12 categories** food recommended by FAO, project families have access to **7 types** of food in a day



Gita Karki, 45 and her husband Hum Bahadur Karki, 53 from Mujung village, Palpa district have planted plenty of fodder/forage in the sloped land they own which is not good for planting crops or vegetables. This has promoted greenery in the environment and they have fodder/forage that lasts the entire year.

Environment

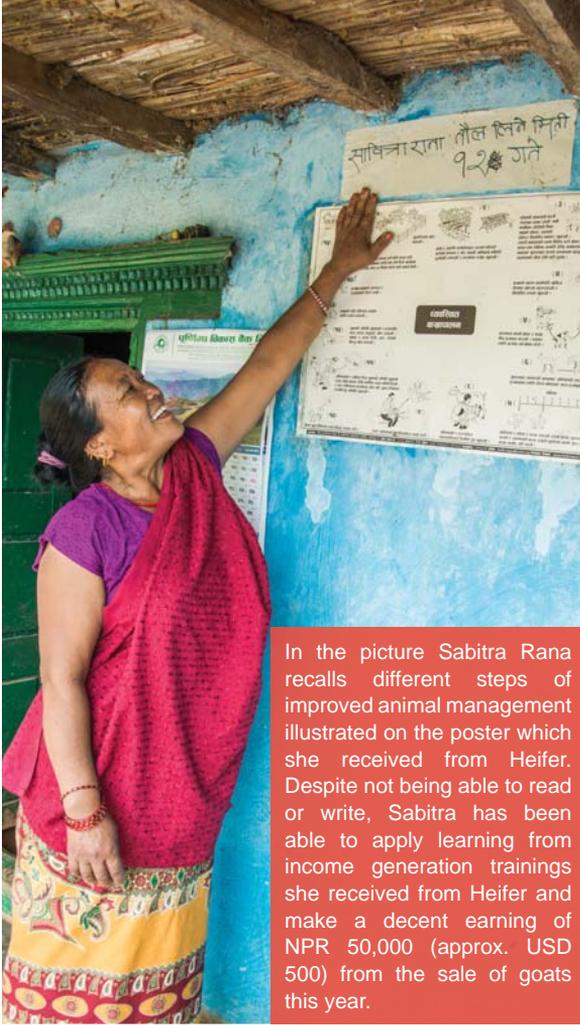
Heifer is mindful of protecting the environment. It promotes environmentally friendly practices such as use of organic manure and pesticides in farm lands and its activities are designed to cause as little stress to the environment as possible. Improved animal management practices such as fodder/forage plantation, stall feeding and use of animal waste for manure and energy ensures adoption of livestock farming practices that create positive impact on the environment.

3,333
hectares of land
planted with fodder
and forage plants
this year

164
Bio-gas
plants built



2,780
Improved Cooking
Stoves built



In the picture Sabitra Rana recalls different steps of improved animal management illustrated on the poster which she received from Heifer. Despite not being able to read or write, Sabitra has been able to apply learning from income generation trainings she received from Heifer and make a decent earning of NPR 50,000 (approx. USD 500) from the sale of goats this year.

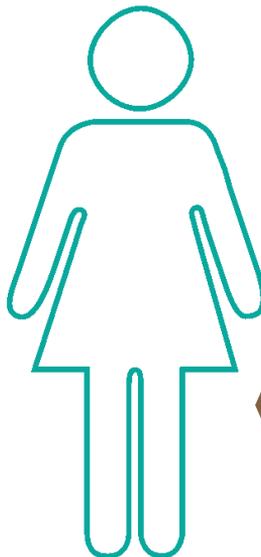
Women's Empowerment

Women are the key actors in Heifer's programs as they represent their families in Self Help Groups (SHGs). Through women representatives, families receive Heifer's support of trainings and physical resources. It is Heifer's core belief that empowering women leads towards prosperous families and responsible communities which then serve as a strong base for sustainable development. By providing capacity building and income generation trainings and organizing them in SHGs, Heifer provides women with an opportunity to get involved in social, economic and community development activities.

111,325 women trained in various capacity building and income generation trainings

4,173 Women's SHGs formed

67% of women participants have equitable control over family's income



54.67% of women participants have decision making power over productive assets

47% of women participants hold leadership positions in social forums such as community forest users group, school board, etc.



Jaya Durga Self Help Group (SHG) from Parroha, Rupandehi built a vegetable collection center in their village by coordinating with District Development Committee (DDC). Today 50 farmers from the village bring their produce to this center and local traders come to buy at bulk once a week. Each day, vegetables worth NPR 200,000 (approx. USD 2,000) are sold at the center. By bringing the market into the village, Jaya Durga SHG has helped in promoting commercial vegetable farming and strengthened livelihoods of its community members.

Social Capital

Heifer promotes community values in its project areas such as sharing and caring, improving the environment, accountability and sustainability and self-reliance through 12 Cornerstones training and Participatory Self Review and Planning. Heifer reinforces these values to promote solidarity and a sense of common well-being in its project areas through formation of Self Help Groups at community level who are then federated into Social Entrepreneur Women's Cooperative.



37,645
people received 12
Cornerstones training

98% of project families are committed to pass on the gifts they have received from Heifer.

87% of project families are active in community based organization. This has increased by **43%**.

96.25% of project families show solidarity and cooperation among community members

96% of project families trust their community members



Exponential Passing on the Gift

Heifer promotes the practice of giving which helps recipients turn into donors. It also helps in resource multiplication and fosters strong social capital among community members



4X

Resource multiplication
by 4 times



Entire Village Development
Committee Coverage



Promotes partnership at
local level



Strengthens social
capital

2015

IN NUMBERS



40,751
Additional
FAMILIES REACHED



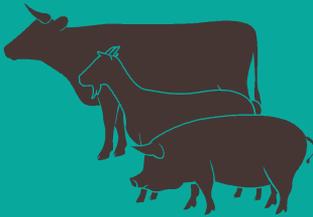
127,482
INDIVIDUALS
TRAINED ON
CAPACITY BUILDING
AND INCOME
GENERATION
TRAININGS



108
COMMUNITY
AGRO-VET
ENTREPRENEURS
TRAINED

NPR 360,762,313

APPROX.
USD 3,679,746
COLLECTED IN
SHG FUNDS



46,377
LIVESTOCK
PLACED

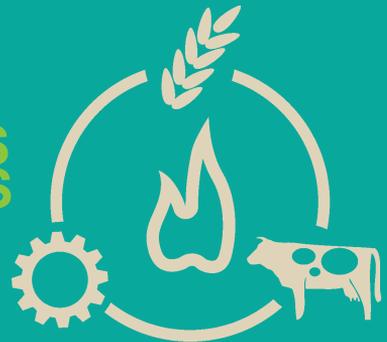


4,011
IMPROVED
LIVESTOCK SHEDS
CONSTRUCTED



72
BEE COLONIES
PLACED

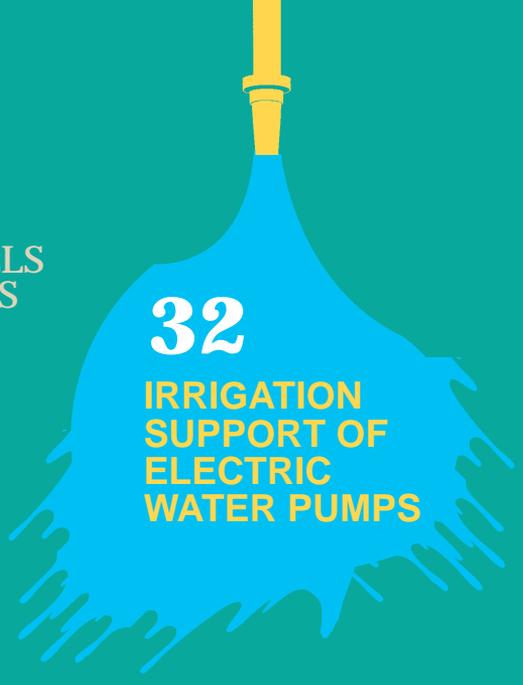
164
BIOGAS
PLANTS





604

SUPPORT OF WELLS AND HAND PUMPS FOR DRINKING WATER



32

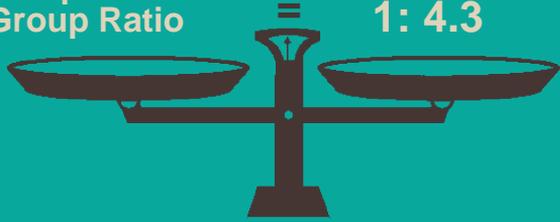
IRRIGATION SUPPORT OF ELECTRIC WATER PUMPS



2,780

IMPROVED COOKING STOVES

**Original Group:
Pass On Group Ratio**



FOR EVERY GROUP HEIFER FORMS, THE GROUP HELPS IN THE FORMATION OF ANOTHER 4.3 GROUPS

ACHIEVEMENT

TARGET

- **TOTAL RESOURCES LEVERAGED FROM LOCAL SOURCES WORTH NPR 505,898,380 (APPROX. USD 5,160,122) WHICH IS 63% ABOVE THE TARGET.**

Special Report: Nepal Earthquake



On 25 April, 2015, a 7.8 magnitude earthquake struck Nepal. This has been the worst disaster in Nepal's recent history which resulted in loss of nearly 9,000 lives. Immediately after the disaster, Heifer mobilized its staff in emergency response and relief support activities which are highlighted below:

Relief of temporary shelter for earthquake victims

Immediately after the disaster, Heifer in coordination with the District Disaster Relief Committee (DDRC) of respective districts provided temporary shelter kits (including tarpaulins, mattresses, blankets, and plastic sheets) to nearly 23,000 families in 13 project districts. This initiative follows the government of Nepal's one door policy and is in alignment with government's appeal to all national and international NGOs to release their aid through DDRC to avoid resource duplication. The total expenditure was

NPR 52,873,239 (USD 524,531) of which 94% was spent on relief materials and 6% on transportation and logistics and was funded by Heifer International.

Helping earthquake affected livestock

Also known as HEAL-NEPAL, the project centers on preserving livelihood assets through restoration of disrupted livestock and veterinary services systems in five of the 14 districts most heavily impacted by the earthquake. The project targets to support 60,000 people (in 12,000 households) directly and 150,000 households indirectly to maintain healthy livelihoods in earthquake-impacted regions of Nepal by restoring disrupted livestock service systems and protecting valuable livestock assets for revival of rural household economic activities and market linkage. The three months project has been funded by Heifer International and USAID with a total budget of USD 885,285.

Self Help Group managed funds



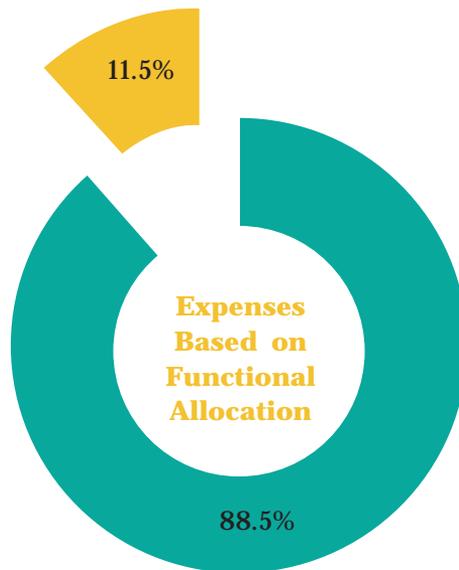
Heifer's preliminary assessment revealed that 17 of Heifer's 32 active project districts had been significantly impacted by the earthquake. Heifer is working with smallholders in these areas under its "Strengthening Smallholder Farmers in Livestock Value Chain" (SLVC) project with the goal of reducing live goat and milk import by involving them in value chain for increasing their income and nutrition level. The disaster has reversed project impact that had

been achieved in the past 2 to 3 years of implementation. To recover from this loss and help families rebuild their lives, Heifer provided interest free loans to its Self Help Groups. To date, the funds have been disbursed to 6,333 families out of 6,492 target families. In the second phase, Heifer targets to distribute SHG funds for 10,150 families of 10 districts: Dhading, Nuwakot, Chitwan, Nawalparasi, Palpa, Sindhuli, Kaski, Tanahun, Parbat, and Lamjung.

2015 Financial Statement

STATEMENT OF FINANCIAL POSITION AS OF 16 JULY 2015		In NPR.
ASSETS		
Cash and Cash Equivalents		22,135,319
Accounts Receivable and Other Advance		3,317,437
Advance to Projects		119,990,484
Prepaid Expenses and Other Assets		789,245
Property and Equipment, net of accumulated depreciation		31,800,078
Total Assets		178,032,564
LIABILITIES		
Accounts Payable		28,455,412
Intercompany Account Payable		2,106,184
Accrued Expenses		16,590,385
Total Liabilities		47,151,981
NET ASSETS		
Unrestricted		130,880,583
Total Net Assets		130,880,583
Total Liabilities and Net Assets		178,032,564
STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED 16 JULY 215		In NPR.
REVENUES		
Revenues, Gains and Other Support		564,098,906
Other Contributions		713,180
Total Revenues, Gains and Other Support		564,812,087
EXPENSES		
Livestock & Freight		80,847,585
Horticulture & Freight		35,646,294
Agriculture Equipment & Supplies		30,609,710
Travel and Vehicle Operations		27,564,708
Training		72,620,743
Technical Services and Evaluation		42,782,328
Personnel and Benefits		149,424,675
Offices Expenses and Services		41,029,866
Depreciation Expenses		7,465,817
Other Program Field Expenses		100,530,627
Expenses Related-Party		11,197,512
Foreign Exchange Loss/ (Gain)		10,636,255
Total Expenses and Losses		610,356,120
Total Change in Net Assets		(45,544,034)
Net Assets, Beginning of Year		177,059,164
Prior Period Adjustment:		634,548

Net Assets, Beginning of Year, as restated		176,424,616
Net Assets, End of Year		130,880,583
Expenses Based on Functional Allocation		
Total Expense		610,990,668.23
Total Programatic Expenses	88.5%	540,511,265.51
Total Administration Expenses	11.5%	70,479,402.72



■ Total Programatic Expenses
 ■ Total Administration Expenses

Heifer Project Nepal (HPN) - LSE

HPN is a sister organization of Heifer International Nepal established in 1996 with a mission to end hunger and poverty and restore the environment through partnership with local stakeholders and national and international organizations/institutions. HPN aims at benefitting participating communities by helping them to become food secure and attain a quality life through sustainable livelihoods development based on agriculture and livestock farming.

HPN's objective is to alleviate hunger and poverty, increase knowledge and skills, and bring about ecological restoration in partnership with other people, associations and institutions.

List of Current Projects

1. Community Initiative for Genetic Improvement of Goats (CIGIG) in Palpa and Ladabhir
2. Poultry Skills for Improving Rural Livelihoods Health & Livelihood Skills for Women and Children
3. Adapting Livestock to Climate Change: A Global Approach
4. Nutrition Innovation Lab Projects Funded by USAID
5. New Castle Disease in Backyard Poultry in Nepal, Phase –II
6. Strengthening Dairy Farm at Manjushri Di-Chen Buddhist Learning Center

Cornerstones



Passing on the gifts

Every family who receives a gift of livestock and training is motivated to pass on the same to another family in need. This helps maximize resources and gives families the dignity and compassion they need to overcome their mental state of poverty.



Gender & family focus

Heifer's projects promote gender equity by choosing women as primary participants through whom project inputs and trainings are given. Men and women share in decision-making, ownership of the Heifer animals, labor, and the benefits of projects.



Accountability

Heifer encourages its participants to focus on fulfilling one's accountability rather than to demand for one's rights. Valuing what you can do for the community rather than focusing on the reverse creates a favorable environment to initiate social and economic change.



Genuine need & justice

Heifer is a partner to people who truly need an opportunity to improve the quality of their lives, and who can benefit from modest support. Participants are encouraged to understand genuine need while making decisions and ensure that decisions made are just.



Sharing & caring

Heifer believes that global problems can be solved if all people are committed to sharing what they have and caring about others. Heifer promotes sharing and caring to aide in solving hunger and poverty and caring for the earth.



Improving the environment

Heifer understands that there can be no sustainability without protecting and improving the environment. This is especially crucial for the families it works with who are largely dependent on natural resources.



Sustainability & self-reliance

Heifer's projects aim to make communities socially and economically self-reliant by encouraging the community itself to design and lead project activities. Heifer's investment in physical inputs, capacity building and technical strengthening strive for sustainability.



Full participation

Although Heifer works through women, it encourages full participation from the family and community to achieve impacts. Improving social capital to increase full participation is one of the keys to achieving sustainable holistic development.



Improved animal management

Taking rural farm communities from subsistence to resilience means increasing its livestock and agricultural productivity. Heifer does this through inputs, trainings and institution building.



Training, education & communication

Heifer uses trainings as a means of spreading general awareness, providing education, building capacity and empowering communities. Group members share the knowledge received from the trainings with their families and community members leading the way towards holistic community development.



Nutrition & income

Increased income fosters better nutrition and good nutrition is required to be able to work to gain better income. Heifer works to promote both through its projects and focuses on equitable distribution of income and nutrition amongst family and community.



Spirituality

Spirituality is common to all people and groups, regardless of their religion or beliefs. Heifer promotes spirituality through its values, beliefs about the value and meaning of life, a sense of connectedness to the earth and a shared vision of the future.



Hattiban, Lalitpur-15
GPO Box: 6043, Kathmandu
Tel: 977 - 1 - 5250554, 5250841, 21121112
Fax: 977 - 1 - 5250873
Email: heifer.nepal@heifer.org
Web: heifernepal.org