

Livestock technology business hub backstopping report



INITIATIVE ON
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Productivity

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About SAPLING: CGIAR's Sustainable Animal Productivity for Livelihoods, Nutrition and Gender Inclusion (SAPLING) is working in seven countries focusing on livestock value chains to package and scale out tried-and-tested, as well as new innovations in livestock health, genetics, feed, and market systems. SAPLING aims to demonstrate that improvements in livestock productivity can offer a triple win: generating improved livelihoods and nutritional outcomes; contributing to women's empowerment; and reducing impacts on climate and the environment. Its seven focus countries are Ethiopia, Kenya, Mali, Nepal, Tanzania, Uganda and Vietnam.

Contents

Copyright information, citation, disclaimers and acknowledgements	1
1. Introduction	3
2. Objectives of the consultancy support	3
3. Business plan preparation phase	4
4. Findings (Please see annexes for detailed business plan of VLPs)	4
5. Strategies to strengthen VLP businesses	9
6. Conclusion.....	18

1. Introduction

CGIAR's Research Initiative on Sustainable Animal Productivity for Livelihoods, Income, Nutrition, and Gender Inclusion (SAPLING) –has adopted an integrated approach to contribute to the transformation of the dairy sector in Nepal to make dairy production with buffaloes more productive, resilient, equitable and sustainable. With partners, researchers are developing a dairy genetic gains platform, a feed advisory platform, improving reproductive and herd health through better herd management and access to health inputs, integrated delivery of feeds, health and genetics services, and formal institutional arrangements for the co-creation of solutions.

The SAPLING initiative is implemented in 6 districts of the eastern Terai (Sunsari, Saptari, Siraha, Dhanusa, Mahottari and Sarlahi). The activities include:

- Improved nutrition (mineral nutrition based on soil mapping, improved forages, treatment of rice straw - business model, production of improved animal diet on farm by balancing nutrients, processing roughages and mixing feed ingredients in proper proportion).
- Fertility management camps
- Improved buffalo genetics (dairy genetic gain platform)
- Training (farmers, technicians, veterinarians, VC actors)

The above activities are implemented through trained local youth called Village Livestock Promoters (VLPs), selected and supported by partner dairy cooperatives. The VLPs are given technical (feed improvement, fertility management, genetic improvement) and business-oriented training at regular intervals. They are also trained on data collection tools and applications. After the training, they act as multi-purpose service providers and agents linking input suppliers with farmers under the umbrella of their dairy cooperative and their local government.

The business-oriented training aims to develop the VLPs as self-sustaining business entrepreneurs who will survive beyond the project. Importantly, the local governments have committed to supporting them in setting up AI centers at the end of the SAPLING Phase, demonstrating their dedication to the project's sustainability. This support includes providing necessary infrastructure, technical assistance, and facilitating the necessary partnerships with other stakeholders in the livestock sector.

2. Objectives of the consultancy support

The overall objective of the consultancy support was to coach and backstop the VLPs in starting, running, and successfully managing a Livestock Technology Business Hub at their cooperative (starting with a feed business) utilizing a soft loan provided by the respective cooperatives (or a partnership model where the profit and risks are shared).

Specific objectives of the assignment include:

- Identification of livestock-based business opportunities (ideally feed business) in each cooperative area of 22 selected Village Livestock Promoters
- Explore with a local feed company to set up the feed technology business hub in the coop (similar to the dealership, if not already existing) and explore linkage with other input suppliers (agro vets, forage seed suppliers, etc.)
- Guide VLPs in establishing the Livestock Technology Business Hub at their cooperative. To this end, the relevant actors (Agrovet, feed industry, seed producers, Chairperson /Vice Chairperson of Coop, Manager of Coop, VLP, and farmer) can be consulted through a workshop at the cooperative
- Support VLPs in developing their business plan
- Coach and backstop the VLPs for successfully running their business.

3. Business plan preparation phase

The preparation of business plans for the Village Livestock Promoters (VLPs) was organized using a structured four-phase approach, ensuring that each VLP received comprehensive guidance at every stage of the planning process. This method, designed to provide thorough and detailed support, allowed them to create well-rounded and actionable business plans. The four phases were as follows:

Business plan orientation: The process began with a formal orientation session, where VLPs were introduced to the fundamental concepts of business planning. This included an overview of the purpose, structure, and importance of having a business plan. During this phase, the OGSM (Objectives, Goals, Strategies, and Measures) framework was introduced. This framework is a strategic planning tool that helps businesses translate their vision into actionable goals and measures. VLPs learned how to apply it to their specific livestock business ventures, ensuring that their plans were comprehensive and aligned with their long-term objectives.

Online coaching for business plan development: Following the orientation, VLPs were provided with online coaching sessions to guide them in developing their business plans. These virtual sessions offered flexibility, empowering the VLPs to work at their own pace while receiving timely feedback and support from the consultant. During this phase, VLPs were encouraged to draft and refine their business plans, financial forecasting, and operational strategies.

Face-to-face coaching: After the online coaching phase, in-person, face-to-face coaching sessions were conducted to provide more personalized support. These one-on-one interactions enabled the coaches to address specific challenges faced by each VLP, offering practical solutions and hands-on guidance. This phase was critical in helping VLPs fine-tune their plans and gain deeper insights into their business models, ensuring that their plans were realistic and tailored to local market conditions.

During this stage, the consultant also engaged with the cooperatives to explore suitable business models for the VLPs. Instead of competing with the cooperatives, the focus shifted towards collaboration between VLPs and their respective cooperatives. This collaborative approach fostered a sense of unity and shared goals. In cases where cooperatives were already supplying compound feed and veterinary medicine to their members, the VLPs were encouraged to support and promote the cooperative's business rather than running their competing businesses. In these cases, the VLPs concentrated on providing veterinary services exclusively to cooperative members.

For those VLPs already employed as cooperative staff, an arrangement was made for them to offer veterinary services to members during their free time, such as on holidays or before and after office hours.

The consultant also met with local veterinary pharmacies that supply medicines to the VLPs. The pharmacies expressed their willingness to support the VLPs by offering veterinary medicines on credit for a limited time, helping the VLPs manage their cash flow while building their businesses.

Review and adjustment of business plans: One month after the initial business plans were finalized, a comprehensive review was conducted. This review allowed both the VLPs and the coaches to assess the progress made and identify any gaps or areas that required improvement. Based on the findings, adjustments were made to the business plans to ensure they remained aligned with the evolving needs of the business. This iterative process helped the VLPs maintain a flexible and adaptable approach to their business planning.

By dividing the business plan development into these four distinct phases, the VLPs progressed systematically, ensuring that their plans were well-constructed, realistic, and adaptable to changes in the business environment.

4. Findings

Income sources: The main income sources for these promoters are veterinary services, input supplies, and other income. Veterinary services include a range of activities related to animal health and care, such as animal health checkups, vaccination programs, disease treatment, artificial insemination, castration, minor surgeries, and consultations. Input supplies mainly refer to compound feed and supplements. Other income is derived from

involvement in government-led programs like vaccination drives, health camps, fertility clinics, subsidies, and distribution of feed and veterinary medicines. Additionally, it includes earnings from ILRI activities such as data recording, advice on nutrition, silage-making training, and participation in fertility clinics.

Expenses consist of support to staff wages, rent, utility costs (electricity), communication, food, and travel.

Planning versus realization

VLPs are encouraged to record their activities using the ODK platform to track their progress effectively. However, only a few VLPs have entered limited data, making it difficult to monitor the implementation of the business plan and assess its progress. More comprehensive data is needed to make informed decisions and necessary adjustments to improve business performance. Consistent and detailed data entry by all VLPs is crucial to ensure better tracking and evaluation.

5. Strategies to strengthen VLP businesses

During the orientation, online and face-to-face coaching, and review meetings with the Village Livestock Promoters (VLPs), several key strategies emerged as outcomes of the business plan preparation process. These strategies reflect the VLPs' efforts to implement their business plans effectively and enhance their operations. The strategies identified were as follows:

Networking with local governments: Building strong relationships with local governments is crucial for Village Livestock Promoters (VLPs) to grow and sustain their businesses. Local government recommendations lend credibility and trust to the services provided by VLPs, making farmers more likely to engage with them. When a VLP has the recommendation of local authorities, it not only increases their visibility but also positions them as reliable and trusted service providers within the community.

Leveraging government programs: VLPs who actively participate in government-led initiatives, such as vaccination programs, health camps, fertility clinics, subsidies, and the distribution of feed and veterinary medicines, gain significant exposure. These activities allow VLPs to interact with a larger number of farmers and showcase their expertise. As a result, their network expands, and they become known as key players in livestock veterinary services, which helps to generate more business opportunities.

Moreover, participating in government programs gives VLPs access to vital resources, such as subsidized vaccines or medicines. This involvement not only enhances their service offerings but also strengthens their reputation as reliable, community-centered businesses. In turn, farmers are more likely to trust and seek services from VLPs who are aligned with local government initiatives, leading to a steady increase in demand for their services.

Collaboration with cooperatives: VLPs who establish strong working relationships with cooperatives tend to attract more clients. By actively participating in cooperative activities, such as annual general meetings and supporting cooperative business operations, these VLPs gain greater visibility within the community. Farmers are more likely to trust and seek services from VLPs who are recommended by their cooperatives, as the cooperative's endorsement enhances the VLP's credibility. This collaboration also provides VLPs with direct access to the cooperative's membership base, further increasing their client outreach.

Engagement in community activities: VLPs who actively engage in community events and activities, such as religious festivals, cleanliness drives, and tree-planting initiatives, significantly enhance their business prospects. By participating in these activities, VLPs build stronger relationships with community members and increase their visibility. These interactions create valuable opportunities for VLPs to showcase their commitment to the community, which, in turn, strengthens trust and opens doors for new business opportunities. Being a visible and active member of the community helps VLPs establish themselves as trusted service providers.

Teamwork among VLPs: VLPs who work in teams benefit from shared responsibilities, greater efficiency, and increased business opportunities. By forming teams, VLPs can collectively offer a broader range of services and ensure that farmers' needs are always met, even when individual VLPs are unavailable. For instance, if one VLP is busy and unable to respond to a farmer's request, they can refer the farmer to another member of the team,

ensuring continuity of service. This team-based approach minimizes the risk of losing clients to competitors and enhances the overall reliability of the VLP's services. By collaborating, VLPs not only provide better service to farmers but also create a support system that helps them retain and grow their client base.

Offering bundled service packages: VLPs can significantly boost their business by introducing bundled service packages, which provide farmers with comprehensive solutions at a set fee. One example is the creation of a fertility package. Under this model, VLPs offer a complete fertility service that includes necessary medicines, a specific number of visits, and ongoing support, all for a fixed fee.

The appeal of this package is that VLPs can structure it in a results-oriented manner. They only receive payment once the livestock successfully becomes pregnant. This performance-based approach instills confidence in farmers, as they know they are paying for a tangible outcome.

By offering such packages, VLPs can differentiate themselves from competitors, providing added value to farmers while also building long-term relationships. These bundled services also create a predictable revenue stream for VLPs. They can lead to higher client satisfaction, as farmers receive full service for a clear outcome rather than paying for each service separately. This model not only increases trust and transparency but also encourages more farmers to opt for comprehensive care, knowing that their investment is tied to successful results.

Establishing contracts with large livestock farms: VLPs can diversify and stabilize their income by entering into service contracts with large livestock farms. By offering regular veterinary services on a contractual basis, VLPs ensure a consistent and predictable revenue stream. These contracts can be tailored to include routine health checks, vaccinations, disease prevention, and other essential veterinary care, which guarantees ongoing work for the VLP.

Beyond providing veterinary services, such contracts open up additional income opportunities for VLPs. As part of the agreement, they can also offer medicines, supplements, and livestock feed, creating a comprehensive service package. This not only strengthens the VLP's relationship with the farm but also increases sales of related products, further boosting their income.

Contracts with larger farms also allow VLPs to plan their workload more effectively, securing steady business while building a reputation as a reliable and professional service provider. This approach helps VLPs scale their operations, leading to long-term financial growth and sustainability.

Veterinary Service Plus: VLPs can significantly enhance their business by adopting a "Veterinary Service Plus" model, which goes beyond traditional veterinary care. In this approach, VLPs not only provide essential animal health services but also offer a range of additional support that addresses broader aspects of livestock management and farmer needs. This value-added service package can include:

Advice and Training: Offering expert guidance on livestock health, disease prevention, nutrition, and proper management practices. VLPs can also organize training sessions for farmers, helping them improve productivity and livestock care techniques.

Access to Financial Services: Facilitating connections to financial products such as loans, savings programs, remittances, and insurance. By partnering with local financial institutions, VLPs can help farmers secure the funding they need to expand their operations or manage risks.

Nutrition and Hygiene Support: Educating farmers on best practices for livestock nutrition and farm hygiene, which leads to healthier animals and higher productivity. This can include advice on feed selection, proper feeding techniques, and ensuring sanitary living conditions for livestock.

Market Linkages: VLPs can assist farmers in marketing their products, such as milk, and connect them with buyers or cooperatives. They can also help farmers access high-quality feed supplies, ensuring better nutritional outcomes for their livestock.

By offering this expanded range of services, VLPs become a one-stop solution for farmers, addressing not only the health of their livestock but also their overall farming success. This comprehensive approach enhances the value VLPs provide, builds stronger relationships with their clients, and creates multiple income streams. Farmers benefit from more holistic support, and VLPs position themselves as trusted advisors and key partners in the farming community, driving sustained business growth.

Proactively engaging with farmers: VLPs can significantly boost their business by proactively visiting fields, even when they have yet to receive direct requests from farmers. By being visibly present in the community and actively engaging with farmers, VLPs can create opportunities for service that may have yet to arise.

When farmers observe VLPs in their place, they are more likely to contact them for veterinary check-ups or other services. This approach not only increases the likelihood of spontaneous consultations but also helps establish the VLP as a familiar and trusted figure in the community.

These unannounced visits allow VLPs to monitor the health of livestock in real-time, identify potential issues early, and offer immediate assistance. By fostering these casual interactions, VLPs can build rapport with farmers, encouraging them to seek help even when they may not initially recognize a problem.

Establishing an agrovet shop to enhance VLP services: Establishing an agrovet shop allows VLPs to diversify their revenue streams while providing comprehensive care for livestock. When farmers visit the agrovet shop to purchase veterinary products, they often seek additional veterinary services as well. This creates an excellent opportunity for VLPs to engage with farmers directly, offering consultations and check-ups while they shop. The convenience of accessing both products and services in one location can encourage farmers to rely more on their VLP for all their livestock health needs.

Additionally, when VLPs recommend specific medicines or compound feeds, farmers are more likely to purchase these items from the same shop. This integrated approach not only increases sales of veterinary products but also enhances the overall value of the VLP's services.

Offering free fecal testing: The cost of a fecal test is around Rs. 20. However, when VLPs provide this service for free, it significantly encourages more farmers to take advantage of the testing. This strategy not only helps build relationships with farmers but also increases their willingness to engage with VLPs for other veterinary services.

By conducting these free fecal tests, VLPs can accurately diagnose issues such as worm infestations in livestock. Identifying these health problems early is crucial, as it allows VLPs to recommend appropriate treatments and medications to the farmers. As a result, there is a direct correlation between the free testing service and increased sales of deworming medicines.

Moreover, addressing worm infestations leads to healthier livestock, particularly young animals. When these animals are treated effectively, they experience better growth rates and improved overall health. This not only benefits the farmers by enhancing their livestock productivity but also reinforces the VLP's role as a valuable partner in their farming operations.

Livestock insurance: VLPs can increase their income by acting as agents for insurance companies, earning additional commission fees. They can also charge farmers for assisting with the documentation process when filing insurance claims.

Expanding services through artificial insemination: VLPs can enhance their business and diversify their income streams by providing artificial insemination services for livestock. This service is in high demand among farmers, as it allows them to improve the genetics and productivity of their herds.

Farmers typically prefer to engage a single service provider for both artificial insemination and other veterinary care. When VLPs are skilled in performing artificial insemination, it fosters a sense of trust among farmers. They are more likely to rely on that VLP for additional veterinary services, knowing that they are working with a knowledgeable and capable professional.

By integrating artificial insemination into their service offerings, VLPs not only meet the immediate reproductive needs of farmers but also position themselves as comprehensive livestock care providers. This can lead to increased client loyalty, as farmers appreciate the convenience of receiving multiple services from one trusted source.

Building strategic partnerships: VLPs sought out partnerships with local veterinary pharmacies, feed suppliers, and agrovet shops to secure better deals on products and medicines. By establishing these partnerships, they were able to offer competitive prices to farmers while maintaining healthy profit margins. In some cases, veterinary pharmacies agreed to provide medicines on credit, allowing VLPs to manage cash flow effectively while serving more customers.

Marketing and promotion: Many VLPs recognized the importance of marketing and actively promoted their services through word-of-mouth, social media, and community events. By highlighting the quality and reliability of

their services, they were able to attract new customers and retain existing ones. Some VLPs also offered discounts or referral programs to incentivize farmers to recommend their services to others.

6. Conclusion

The development of livestock technology business hubs, along with targeted business coaching and practical assistance, plays a vital role in transforming VLPs into self-sufficient entrepreneurs. The consultancy support has effectively identified promising livestock-related business opportunities for the VLPs, with a strong emphasis on feed businesses.

This initiative is crucial for enhancing the livelihoods of both VLPs and farmers while also promoting the long-term resilience and sustainability of Nepal's dairy sector. Ongoing partnerships with cooperatives, local governments, and private sector stakeholders will be essential for expanding these initiatives and maintaining their positive effects on rural communities.

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