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Chhoetse-Dzong: Trongsa

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## PROJECT DETAILS

# Dairy Enterprise Development

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## **Project Background**

This project is targeted towards increasing self- sufficiency in dairy products vis-a-viz milk, butter and cheese, and reducing dependency on the import of livestock products and in doing so, helping reduce the negative balance of trade. With high demand and easy adoption of dairy farming; it provides a great opportunity to encourage young farmers to take up on a commercial scale. Under this initiative, with the government providing a space for quick implementation of the projects on the ground, the unemployed youth can not only be gainfully engaged and improve their own lives but they would also contribute significantly to the nation's effort to achieve food security.

## **Project Objectives**

The broad objectives of these initiatives are to:

- Accelerate domestic dairy production to substitute import and ensure affordable dairy products for all
- Boost income of the farmers and youths to enhance their livelihood
- Encourage and gainfully engage youths in dairy farming as an enterprise
- Strengthen post- production, value addition, cold chain facilities and market facilities
- Gear towards attaining self- sufficiency in dairy products and product diversification with value addition (yoghurt, Cream, ghee, paneer etc...)

## **Project Strategies**

The main strategy for implementation of these initiative is to enhance domestic dairy production and import substitution through:

- Smart and mechanized commercial farming
- Initiation and promotion of value addition of surplus milk



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- Bank concept storage and post production facilities in strategic locations.
- Engagement of unemployed youth groups in the whole dairy value chain.

### **Project Goals**

With establishment of dairy farms and post production facilities following benefits are expected

- Import substitution of milk.
- Economic stability of farmers through the enterprise
- Increase per capita consumption of milk
- Generate direct employment to youths in farm operation and also in post-production facility, retail outlets and processing facilities.

### **Major Components of Project**

- To enhance domestic production and to realize import substitution, the project will establish new or upscale 4 farms of 10-20 cow level (commercial level: >10 cow level specified in RNR cost-sharing mechanism) to fully operational mode, at all times to come.
- Upscale the domestic production of milk to meet the dietary requirement of 250 ml milk per day to every population in the dzongkhag by end of 12th five-year plan (2023).
- Ensure easy, cheap and affordable dairy products to the consumers and stabilize market price.

### **Project Support**

- The Dzongkhag Livestock Sector shall guide the proponent in development of proposal



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- The Dzongkhag Livestock Sector shall facilitate in establishment of farms and activities
- The Dzongkhag Livestock Sector shall facilitate youth proponents in availing loans from financial Institutions under different schemes like CSI and PSL
- The Dzongkhag Livestock Sector shall facilitate in supply of inputs
- The Dzongkhag Livestock Sector in collaboration with the line agencies under the Department of Livestock shall provide technical backstopping and guidance wherever required
- Capacity building of youth farmers with provision of 21 days hands-on training on dairy farm management, estimating Unit Cost of Production (UCOP) and economic analysis of the farm to ensure the business viability of the farm.
- Link farms to the market (BLDCL)
- The fund support as per the RNR Cost-Sharing Mechanism (CSM) shall be provided as detailed below.

Table 1: Cost Sharing Mechanism (CSM) under Subsidy Support Programme for 10-20 cow level dairy commercial farming

BENEFICIARIES (SUBSIDY-GOVERNMENT: BENEFICIARY %)		
Type of Subsidy (Input)	Subsidy RGoB:Beneficiary	Modalities



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<b>1. Supply of improved jersey breed cows</b>		
Cattle sourcing	Subsidy of 60:40 in kind for cows	Maximum of 20 cows
<b>2. Dairy Production Inputs</b>		
Construction of dairy farm shed (construction materials, Eg. cement, CGI sheet, nets, nails, electrical fittings)	Full subsidy	One-time support. Shed design and standard estimate to be worked out by DLS
Farm equipment – Water reservoir tank/chiller or cooling tank/Pipes/Milk can/jar/pet bottles	60:40	One-time support for the initial setup.
Farm semi automation (labor saving option)- Milking machine/Chaff cutter	60:40 in kind subsidy for the farm semi-automation support to the value of Nu. 100000.	One-time support to the farmer starting the business for the first time
Dairy nutrition	100% subsidy	Land development using machineries/e-fencing/seed and seedlings/labor and transportation
<b>3. Post production and processing</b>		
Cold chain equipment	60:40	One time support
Milk collection can/containers/sanitary equipments	60:40	One time support

### Scope of the Work

With the engagement of youth groups/enterprising Individual entrepreneurs in the dairy enterprise, more commercials farms can be operationalized and set as an exemplary model farms in the dzongkhag.



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## Key Deliverables

- Expected engagement of youth in dairy farming enterprise: Minimum of 3 Youths/farm
- Expected milk Production from the farm: 40,000 Litres milk in one production cycle (0-270 days) from 20 cows
- Net Income from the farm: Nu. 0.4-0.5 million annually per farm and should increase over the years

**Table II: Dzongkhag Livestock Enterprise Development Committee**

**CHAIRMAN: DASHO DZONGDAG**

Sl. No	Name	Designation	Responsibility	Remarks
1	Jigme Chopel	Dzongkhag Livestock Officer	Member/Controlling Officer, DLS	The committee members shall - review applications/proposals - Carry out Land verification/technical assessment/feasibility study - Endorsement and approval (DLS shall be the implementing agency and the Project Manager)
2	Phuntsho Rinzin	Planning Officer	Member, DPU	
3	Norbu Tshering	Finance Officer	Member, FAS	
4	Karma Tshering	Livestock Production Officer	Member/Project implementor, DLS	



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## Annexures

### ANNEXURE I: EOI Covering Letter Performa

To

**The Dzongkhag Livestock Officer**

Dzongkhag Administration

Subject: **Expression of Interest (EOI) for Establishment of Commercial Dairy Farm**

Sir,

The undersigned having read and examined in detail all the EOI documents pertaining to dairy project; do hereby express the interest to undertake the project as specified in the scope of work.

For Individual Proponent	For Group/Community
Name: .....	Group/Community Name: .....
Bhutanese Identity Number: .....	Address .....
House No. .....	Contact No. .....
Thram No. .....	
Chiwog .....	
Dungkhag & Dzongkhag .....	





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The undersigned has enclosed the following documents:

1. Pre-qualification eligibility criteria form (**Annexure II**)
2. Project Proposal (**Annexure III**)

I/ We hereby declare that my/our EOI is made in good faith and the information contained is true and correct to the best of my/our knowledge and belief.

Thanking You,

Yours sincerely,

(Signature of Applicant/Proponent)

Name:

Date and Place:





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Annexure II: Eligibility Criteria

SI No.	Criteria	Check-list
1	<b>Minimum Qualification</b>	
	1.1 School Drop-out	<input type="checkbox"/>
	1.2 VTI/TTI Graduate	<input type="checkbox"/>
	1.3 Diploma	<input type="checkbox"/>
	1.4 Graduate	<input type="checkbox"/>
	1.5 Functional literacy	<input type="checkbox"/>
2	<b>Mode of Farm Operation</b>	
	2.1 Individual Youth	<input type="checkbox"/>
	2.2 Youth Group	<input type="checkbox"/>
3	<b>Financing Mode</b>	
	3.1 Self-Finance	<input type="checkbox"/>
	3.2 Loans from CSI/PSL, etc (Financial Institutions)	<input type="checkbox"/>
4	<b>Farm Establishment</b>	
	4.1 Private Owned Land	<input type="checkbox"/>
	4.2 Private Leased Land	<input type="checkbox"/>
	4.3 Community Leased Land	<input type="checkbox"/>
	4.4 Institute Land	<input type="checkbox"/>
	4.5 SRL Land	<input type="checkbox"/>
5	<b>Type of Farm</b>	
	5.1 Commercial dairy – 10-15 cow level	<input type="checkbox"/>
	5.2 Commercial dairy – 15-20 cow level	<input type="checkbox"/>



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### **Annexure III: Project Proposal Template**

#### **1. Project Cover Page**

#### **2. Project Profile**

- Project Title
- Project Location
- Project Fund
- Project Implementation Date
- Contact Details of Proponent

#### **3. Strategic Background of Project**

- Scale of farm establishment (Capacity or farm size)
- Location of farm and Land acquisition procedures (Private/SRF land/Community Land)
- Financing mechanism (Private/CSI/PSL/Support from DLS)

#### **4. Rationale of the Project**

- Situational analysis
- Purpose of initiating the farm (youth engagement, business entity, employment, food nutrition and security, import substitution)

#### **5. Objectives of Project**

- Engage and generate employment for the youth through dairy farming
- Improve the household food and nutrition security and income
- To enhance production and make Dzongkhag self-sufficient in dairy products
- Minimize import of dairy products



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### 6. Project Implementation Plan

- Training on farm management by the Dzongkhag Livestock Sector
- Procurement and supply of materials, and construction (Designs and estimates to be provided by DLS Trongsa)
- Pastureland and fodder technology development
- Procurement of dairy inputs
- Procurement of farm equipment (to be exercised by DLS and DLDEC)
- Farm Operation
- Technical support from DLS/DAT/DoL

### 7. Business and Marketing Plan

- Contract farming system on shared value principles
- Production planning development in consultation with relevant marketing agencies
- Linkage with MPU to explore additional markets
- Product branding (highlighting product brands)

### 8. Budget Estimate

- Farm establishment Cost (Capital Cost)
- Input Costs
- Operation Cost

### 9. Monitoring and Evaluation

- Engagement of DLS and DLDEC in ensuring the successful implementation and operation of the farms on quarterly, bi-annual and annual basis.
- Overall impact assessment of project by the Dzongkhag administration, Trongsa (terminal report)

### 10. Risk and Assumptions



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- Social acceptance and unforeseen calamities such as disease outbreak, flash floods, fire, etc.
- Budget assurance from Financial Institutions and RGOB, and timely technical support for the proponents
- Land availability with required amenities

### Annexure IV: Project Valuation (RGoB funding) per farm

Sl. No.	Description	Qty	Rate	Amount	Subsidy amount	Remarks
1	Cattle sourcing	10 -15 nos			300000-500000	60% subsidy of (Assumption)
2	CGI sheet (10 ft)	100 sheets	1000	100000	100000	Full subsidy
3	Cement	100 bags	420	42000	42000	Full subsidy
	Ridging	26 nos	400	10400	10400	Full subsidy
	Roofing screw	5 kgs	150	750	750	Full subsidy
	M.S rod	100 kgs	90	9000	9000	Full subsidy
4	Milking machine	2	50000	100000	60000	60% subsidy
5	Water reservoir tank (1000 ltrs)	1 no	20000	20000	12000	60% subsidy
6	HDPE pipe	1 roll	10000	10000	6000	60% subsidy
7	Chiller/cooling tank (500 ltrs)	1 no	75000	75000	45000	60% subsidy
8	Fridge (1000 ltrs)	1 no	100000	100000	60000	60% subsidy
9	Chaff cutter	1 no	35000	35000	21000	60% subsidy
10	Land development for pasture (Inclusive of hire of machineries/e-fencing/labor and transportation charges/seed and seedlings)	1 package	125000	125000	125000	Full subsidy package
	<b>Total valuation</b>			<b>1,527,150</b>	<b>1,065,150</b>	

(One Million Sixty Five Thousand One Hundred and Fifty only)

**\*\*\* The cost may fluctuate depending on market and situation, and therefore this should not be treated as final and binding.**

### Annexure V: Tentative Calendar of activities (Action Plan)



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SI	Activity	Time period	Responsibility.	Remarks
1	Institute Committee for Livestock Enterprise	August 2021	DLS/DAT	Meeting with relevant sector
2	Float proposal	August 2021	DLS	DLS
3	Receive, scrutinize and recommend applications	August 2021 - September 2021	DLDEC	Liaise with Geog admnistration
4	Feasibility study	September 2021	DLDEC	Site visit and technical verification
5	Administrative and financial approval	September 2021	Dasho Dzongdag	Sanction note
6	Supply order	September 2021	DLS	Liaise with Procurement section
7	Implement activities	September 2021 - May 2021	Proponent	DLS
7	Monitoring	Monthly	Committee	DLS/DLDEC