

# Veterinary Field Units Privatization Scheme In Afghanistan



Figure 1: VFU Owners and AHP Team - 10/03/08



Prepared By:  
John Ross, AHP Consultant

## **Table of Contents**

### **List of Acronyms**

<b>1.0</b>	<b>Executive Summary</b>	<b>4</b>
<b>2.0</b>	<b>Introduction</b>	<b>6</b>
2.1	AHP Program History	6
<b>3.0</b>	<b>Competitor Animal Husbandry Program - DCA</b>	<b>7</b>
3.1	DCA-RAMP	7
3.2	DCA-ASAP (Partial RAMP Extension)	7
<b>4.0</b>	<b>Mercy Corps Privatization Strategy</b>	<b>8</b>
4.1	Introduction	8
4.2	VFU Staff Capacity Building – Business Training	9
4.3	Products and Services	10
4.3.1	Products	10
4.3.2	Services	11
4.3.3	The Effects of Quality Products and Diversified Services on Net Income	13
4.4	VFU Marketing	13
4.4.1	Shuras, Mullahs and Community Elders	14
4.4.2	Site Visits	14
4.4.3	Follow Up	15
4.4.4	Business Card Distribution	15
4.4.5	Radio and Newspaper Advertising	15
4.5	Female BVWs	16
4.6	Cooperative Formation	17
4.7	Financial Management	18
<b>5.0</b>	<b>Mainstreaming M&amp;E System into Program</b>	<b>19</b>
<b>6.0</b>	<b>Future Action</b>	<b>20</b>
6.1	National Policy Coordination	20
6.2	Engaging Kandahar University	21
6.3	Sustainability of the Cooperative	21
<b>7.0</b>	<b>Conclusion</b>	<b>22</b>
<b>Appendix A</b>	<b>VFU Financial Data Registration Book</b>	
<b>Appendix B</b>	<b>Sample Activities Income Tracking Sheet</b>	
<b>Appendix C</b>	<b>Sample Veterinary Drug Selling Record</b>	

**List of Acronyms**

AHP	Animal Health Program
AI	Artificial Insemination
AVA	Afghanistan Veterinary Association
DCA	Dutch Committee for Afghanistan
DCA-ASAP	Dutch Committee for Afghanistan – Accelerating Sustainable Agriculture Program
DCA-RAMP	Dutch Committee for Afghanistan – Rebuilding Agriculture Markets in Afghanistan Program
FBVWs	Female Basic Veterinary Workers
GoA	Government of Afghanistan
MAIL	Ministry of Agriculture, Irrigation and Livestock
VFU	Veterinary Field Unit



**Figure 2: Vaccination Campaign - 04/12/08**

## **1.0 Executive Summary**

This report captures the main activities and lessons learned by Mercy Corps implementing a veterinary program in southern Afghanistan from 2004 – 2008. It is information relevant for program planning in Afghanistan and beyond.

The Animal Health Program (AHP) is a four-year program implemented in Kandahar, Helmand, Uruzgan and Dai Kundi provinces. The southern region of Afghanistan has been marginalized from development programs and has been devastated by the ongoing war and consecutive years of drought. The overall objective of the AHP is to improve the availability and access to appropriate food for rural populations by enhancing livestock production in Afghanistan. This was achieved by a) providing veterinary field units with the appropriate technical skills to properly diagnose and treat livestock and b) Reduce Veterinary Field Unit (VFU) dependence on Mercy Corps support by providing VFUs with business skills to manage day-to-day operations.

The original 36-months of funding from September 2004 to September 2007 achieved significant results in providing VFUs with technical skills to diagnosis and treat livestock. The program trained 22 VFUs in disease diagnosis, treatment and artificial insemination (AI). The total absence of government services meant Mercy Corps-sponsored VFUs played the lion's share of responsibilities in livestock health. However, the program was less successful in training VFUs in business management skills. Therefore, when the program was extended from September 2007 to December 2008 AHP implemented an innovative privatization and business management skills program that would eventually provide the VFUs with the necessary technical and business skills to manage their businesses independent of Mercy Corps support. Specific activities and business skills introduced by Mercy Corps AHP were:

1. VFU Staff Capacity Building – program vision and exit strategy
2. Product/Service Diversification
3. VFU Marketing Schemes
4. Increasing the number of Female Basic Veterinary Workers (FBVWs)
5. Cooperative Formation
6. Financial Management Skills

To increase VFU staff capacity Mercy Corps AHP first conducted three targeted business trainings. The final business training consisted of a three-day workshop focused on business planning, marketing, financial projections and planning of operational costs.

Second, Mercy Corps helped the VFUs to diversify their service offerings by training VFUs in lab diagnosis, treatment, vaccination and artificial insemination (AI). Mercy Corps AHP also supported VFUs in the procurement of quality drugs by locating and partially subsidizing the purchase of quality drugs. To prepare the VFUs to become wholly independent upon program completion, the AHP created a systematic subsidization withdrawal schedule dependent upon the VFUs level of income. At the time of this report all VFUs were operating independently of any kind of support from Mercy Corps.

Third, once the VFUs were able to provide quality services and products, Mercy Corps AHP assisted the VFUs in their marketing strategies. Rather than dictate what marketing strategies the VFUs should implement, the AHP localized the VFU marketing campaigns to facilitate each VFU to identify and implement the marketing strategies they saw as applicable. Examples of marketing strategies used by VFUs were direct solicitation of community leaders and elders; site visits; business cards and radio and newspaper.

To further extend the reach of animal husbandry care the AHP trained 60 FBVWs. The reason for focusing on FBVWs is that while women, for the most part, are the primary caretakers of livestock, traditional Afghan culture discourages women from leaving their homes and speaking with men outside the immediate family, so getting veterinary care for animals is challenging. Through the increased training of FBVWs in animal husbandry care, female livestock owners were more readily able to access this service. As an additional benefit, FBVWs have also assisted VFUs to increase their client base in that when a FBVW cannot diagnose or treat an animal, they refer that case to the nearest VFU. At the time of this report, the FBVWs treated 231 cases and referred 335 cases to nearby VFUs, about 90% of their target indicator.

To help VFUs receive the same quality drugs and vaccines upon program completion, in December 2008 the AHP registered with the Afghan government a VFU cooperative named Etihad (United Agriculture and Livestock Cooperative). The cooperative consists of 54 members. All 22 of the VFUs associated with the AHP are members and the other 32 are a combination of AHP staff and local area farmers. The main objective of the cooperative is to provide VFUs with quality and affordable medicine, vaccines and equipment needed to maintain quality services such as AI, lab treatment, lab diagnosis and vaccination campaigns.

Finally, to increase the number of VFUs that keep daily financial records the AHP trained VFUs in basic bookkeeping and income tracking methods. With accurate financial records VFUs are now tracking cost-recovery and net income. This information helps them to create financial projections, which are essential in helping define the strategic direction, profitability, purchasing schedules and growth potential of each VFU. Further, the financial tracking methods, along with monthly sales and service volume sheets, were essential information used by AHP program staff and Mercy Corps to monitor the progress of each VFU and determine what, if anything, needed to be done to better prepare VFUs to be independent entities upon program completion.

Mercy Corps is increasingly engaged in supporting private Agri-business development. Therefore, information in this report will provide a quick reference of the success factors and practices that enabled VFUs to transition from subsidy based services delivery to privatized, profit-making businesses. Other similar development programs in Afghanistan and elsewhere can easily adapt the processes and practices that have been followed throughout the AHP.

## 2.0 Introduction

Veterinary Field Units (VFU) privatization since the end of the Afghan/Soviet conflict has never adequately been addressed by the Government of Afghanistan or international agencies. The government under the Ministry of Agriculture, Irrigation and Livestock (MAIL) has been unable to promote VFU privatization due to very limited animal health budget expenditures and capacity building. However, the international community has a legacy of long-term funding of VFUs in Afghanistan and elsewhere. By providing consistent support in the form of donor money to VFUs, there has never been incentive for VFUs to become private business entities. Therefore Mercy Corps, through the AHP, initiated the process of communicating the benefits of privatization to VFUs the agency supports and increasing the financial and operational independence of the VFUs to create self-sufficient businesses upon program completion. This report captures the steps the Animal Health Program (AHP) took to create self-sustainable VFUs and lessons learned from the process.

### 2.1 AHP Program History

The AHP is a four year program implemented in Kandahar, Helmand, Uruzgan and Dai Kundi provinces in Southern Afghanistan. The initial AHP was funded for 36-months between September 2004 and September 2007. The AHP received a project extension in September 2007 that delayed program closure until December 2008. The overall objectives and expected results of the program set by the AHP and donors are:

- Overall objective: To improve the availability and access to appropriate food for rural populations by enhancing livestock production in Afghanistan.
- Specific objective: To increase livestock production and reduce livestock mortality and morbidity
- Expected result 1: VFUs are able to generate sufficient business to allow the paravets<sup>1</sup> to continue operations with a measurably (25%) reduced dependency on external support
- Expected result 2: By the end of the program improve the health and productivity of livestock owned by the VFU patrons
- Expected result 3: By the end of the program increase VFUs' adherence to industry standards

Significant progress was made during the initial 36-months, specifically improving the overall health of livestock and increasing the VFUs' adherence to industry standards. What the AHP recognized as a shortcoming during the first phase of the program was creating self-sustainable VFUs that would be able to operate independently of external support upon program completion. As a result, the second

---

<sup>1</sup> Paraveterinarians will have graduated from a six month professional veterinary course. The six month course was offered by the Dutch Committee for Afghanistan (DCA) prior to the start of AHP.

phase of the program focused on achieving Expected Result 1, reducing VFU dependence on external support by 25%.

### **3.0 Competitor Animal Husbandry Program – DCA**

#### *3.1 DCA-RAMP*

Between January 2004 and July 2006, the Dutch Committee for Afghanistan (DCA), in coordination with the Afghanistan Veterinary Association (AVA), enacted a project with the main objective of establishing a network of VFUs across Afghanistan. The VFUs would be self-supporting with external assistance coming in the form of medicines, vaccines and motorcycles. VFUs would receive income by charging a fee to farmers for services provided.

During the project's lifespan, it can be argued that the Dutch Committee for Afghanistan – Rebuilding Agriculture Markets in Afghanistan Program (DCA-RAMP) – achieved significant results with an increase of VFUs from 100 to 400 and over 600 graduated paravets and veterinarian assistants from the program.<sup>2</sup> DCA-RAMP reached 17 provinces throughout Afghanistan. Yet, the ultimate goal of creating self-sustainable VFUs was not fully realized. The AVA Chairperson for Kandahar province stated in an interview that most DCA-AVA VFUs in Kandahar province have reduced their services to medicine sales.<sup>3</sup> The reason for this, the chairperson went on to explain, was twofold. First, DCA and AVA did not conduct the proper follow-up to ensure that the paravets were properly trained to offer diversified services such as artificial insemination (AI). Second, few VFUs have staff with business management skills, which was not envisioned as a program activity, though clearly needed. The result was a large number of VFUs that were trained in basic animal husbandry services, yet did not have the business knowledge to sustain the VFU. (Results of DCA activities outside of Kandahar and their sustainability before project extension were not determined due to an inability to travel to the north of the country and interview DCA-RAMP program participants or government officials).

#### *3.2 DCA-ASAP (Partial RAMP Extension)*

The current DCA activities focused on animal husbandry are very similar to Mercy Corps' current AHP. DCA, through the Accelerating Sustainable Agriculture Program (ASAP) will focus on:

- Diversifying VFU services (castration services, pregnancy, AI)
- Market and brand VFUs as a leader in animal husbandry technical knowledge and a provider of quality, diversified services and products
- Give VFUs easy-to-use financial record keeping tools for VFUs to track income and expenses and calculate net income
- Other

---

<sup>2</sup> <http://www.dca-vet.nl/DCA/indexenglish.html>. September 24, 2008.

<sup>3</sup> Interviewed held: Mercy Corps Kandahar Office, October 3, 2008.

Service training will be a continuation from the RAMP program (2004 – 2006) where VFUs were taught animal husbandry techniques. Marketing and branding of the VFU is essential to the long-term sustainability of the VFUs. The thought is, if DCA can brand VFUs as the leader in animal husbandry care (without using DCA's name on any marketing material), a consistent client base will form that will give VFUs adequate income to maintain sustainable operations. Finally, by providing VFUs with easy-to-use financial record keeping tools, VFUs can better manage income and expenses. As VFUs understand how to manage income and expenses, a sustainable, privatized VFU will be that much more likely. "Other" refers to VFUs' leading educational activities directed towards farmers, engaging the government to create a coordinated animal husbandry policy and establishing cooperatives (both government engagement and cooperatives – as will be seen under Recommendations – need time and are not easily defined at this moment).

Both Mercy Corps and DCA, leaders in animal husbandry programming in Afghanistan and elsewhere, have provided quality technical training to their respective VFUs. DCA has just begun engaging VFUs in business practices that will assist them in the privatization process. Mercy Corps has had two years providing VFUs with the business skills needed to become sustainable. Below will be discussed the business skills Mercy Corps focused on that have created 22 VFUs that are 100% privatized.

#### **4.0 Mercy Corps AHP Privatization Strategy**

##### *4.1 Introduction*

After receiving a 16-month AHP extension from September 2007 to December 2008 Mercy Corps refocused the AHP objectives. AHP staff, in consultation with program participants, recognized they had achieved significant progress towards improving the health and productivity of livestock and increasing the technical skills and adherence to industry standards of VFUs. However, Mercy Corps also recognized during the first phase they had not adequately trained VFU program participants in basic business management skills that would enable a VFU to operate as an independent entity upon program completion. In order to properly train and prepare VFUs to privatize by December 2008, the second phase of the program had an increased emphasis on business skills training, intensive planning review and follow-up. Specifically:

1. VFU Staff Capacity Building
2. Product/Service Diversification
3. VFU Marketing Schemes
4. Increasing the number of FBVWs
5. Cooperative Formation
6. Financial Management Skills

With the business skills highlighted above, the AHP provided VFUs with the necessary skills to prosper as an independent entity. Staff capacity has now been built so that 22 AHP paravets have adequate technical veterinary skills and business skills

to operate a sustainable VFU. Further, quality technical training has diversified VFU services resulting in an increase in income generating activities. Localized marketing schemes have allowed VFUs to inform the public within a target area of the high quality services and drugs offered by each VFU. Female BVWs reach an untapped market segment, women, which previously found it difficult to utilize VFU services due to limited mobility placed upon them by restrictive and conservative male-dominated culture. Cooperatives will take over the role Mercy Corps had previously been providing to VFUs with continued technical support and access to high quality, reasonably priced supplies. Finally, VFUs through business skills training, have acquired financial management skills to accurately monitor the financial health of the VFU.



**Figure 3: VFU Business Planning - 01/15/08**

Section 4.2 below discusses in more depth the above mentioned business skills acquired over the past 16 months of the AHP that have assisted VFUs to become self-sustainable.

#### *4.2 VFU Staff Capacity Building – Business Training*

The Mercy Corps Animal Health Program Midterm Evaluation Report conducted from July 29 July to 9 August 2007 states,

“...paravets have benefited from MC staff technical advice and training in identification of diseases, treatment and use of lab equipment...AHP staff seem however to have insufficiently supported VFUs in systematically employing sound business management practices...”

To provide VFUs with sound business management skills Mercy Corps AHP conducted three business trainings. The first business training was administered by DCA and the second by Kaweyan Group, a local Mercy Corps partner in Kabul.<sup>4</sup> These two business trainings laid the basic skills foundation that culminated in a comprehensive, Mercy Corps-led, business plan training for three days in January 2008 with ongoing follow up field-based support. The final business plan training was attended by all participating VFU staff members – 22 in total.

The purpose of the training was to build VFU staff capacity that would enable VFU management to effectively support the VFUs’ privatization process. The training focused on business planning, financial projections, marketing strategy and planning of operational costs. Since the training, AHP staff have followed up with VFUs by working closely with them to develop their business plans, operating budgets, cost recovery schemes and inventory management. By providing VFUs with these basic business skills, Mercy Corps AHP handed the day-to-day operations and strategic direction of the VFUs to individual, and, crucially, localized VFU management.

---

<sup>4</sup> DCA business skills training conducted January 2006. Kaweyan business skills training conducted in March 2007.

### 4.3 *Products and Services*

Important to any self-sustainable business is having quality products and diversified services that meet the needs of the community. Throughout the majority of the program Mercy Corps assisted VFUs in locating high quality drugs and sold them at subsidized prices. Throughout the program Mercy Corps gradually withdrew drug support to prepare VFUs to purchase drugs independently upon program completion, though this was carried out with full consultation with and explanations to the participating VFU operators/owners. The program also helped VFUs diversify their services by training VFUs in AI, lab treatment, diagnosis and vaccination. As will be seen the combination of quality drugs and diversified services have consistently increased the income of AHP VFUs month-by-month.

#### 4.3.1 *Products*

A major problem in animal health services prior to the AHP was illegal drug sellers supplying inappropriate or poor quality drugs to livestock owners and no licensing of veterinary pharmacies or testing of veterinary drugs through a government (or any other) agency. The result in many cases was death of livestock due to outdated medicines or having been given the wrong kind of medicine that did nothing to cure the animal. To provide quality drugs to livestock owners, and subsequently combat illegal drug sellers, Mercy Corps' AHP provided VFUs with quality drugs at a subsidized price. The result was VFU paravets being recognized within their communities as experts in veterinary medicine. Unlike illegal drug sellers who rarely know the difference among the drugs they sell, AHP VFUs could explain to customers the difference among medicines plus the appropriate dosage and treatment regimen.



**Figure 4:** Dand VFU - 10/28/08

A problem the AHP faced with providing VFUs with quality drugs at a subsidized price was reducing the dependence of the VFU on subsidized drugs. The AHP recognized it would be unrealistic to expect each VFU to be self-sustainable upon program completion if the AHP continued to provide cheap drugs. To combat this problem, AHP staff created a unique withdrawal timeframe that phased out each VFU's subsidized medicines months before program completion. The idea was, rather than support the VFU until the end and

abruptly drop medicine assistance, the AHP would cut subsidized drugs when it was determined the VFU had sufficient capital to purchase drugs on their own.

Table 1 below shows the gradual withdrawal of AHP drug support to VFUs. As of October 2008, no VFUs were receiving support in the form of subsidized drugs from Mercy Corps.

**Table 1 AHP Drug Support to VFUs**

<b>Subsidized drug withdrawal timeframe</b>	<b>% of VFUs not receiving subsidized drugs</b>	<b>% of VFUs receiving subsidized drugs</b>
<b>September 2007 – March 2008</b>	<b>0%</b>	<b>100%</b>
<b>April 2008 – June 2008</b>	<b>23%</b>	<b>77%</b>
<b>July 2008 – September 2008</b>	<b>50%</b>	<b>50%</b>
<b>October 2008 – December 2008</b>	<b>100%</b>	<b>0%</b>

#### 4.3.2 Services

##### *AI, Lab Diagnosis and Lab Treatment*

Providing VFUs with quality medicines and properly training them to accurately distribute medicines is a key component to the long-term sustainability of the VFUs. In order for a business, any business, to survive, they need to have those low cost, high turnover products that generate income on a daily basis – in the case of the VFUs, veterinary medicines. What a business also needs are diversified services that customers or competitors cannot do or find it difficult or costly to duplicate. Therefore Mercy Corps’ AHP trained VFU paravets in AI, lab treatment, lab diagnosis and vaccination. The result is a well diversified product and service offering that meet the needs of the vast majority of animal owners in a community.

As with quality medicines, AHP VFUs became known within their communities as providing quality, reliable services in AI, lab diagnosis and lab treatment. This had not been the case for many years. Table 2 below shows the significant success rate of VFUs in AI, lab diagnosis and lab treatment from the beginning of the program to the time of this case study.

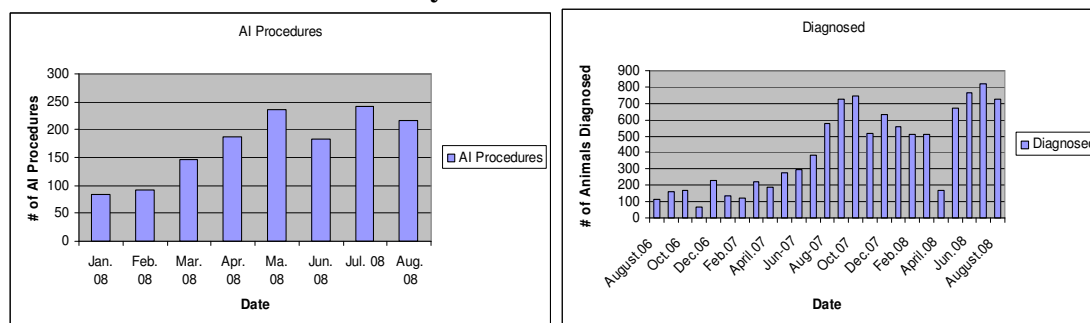
**Table 2 VFU Success Rate by Service**

<b>Accuracy of Services</b>	<b>January 2006</b>	<b>September 2008</b>
<b>AI</b>	25-30%	55-60%
<b>Lab Diagnosis</b>	15-20%	60-70^%
<b>Lab Treatment</b>	25%	75%

To increase each VFU’s success rate for each service, throughout the life of the program, the AHP continuously provided technical trainings that improved the quality and accuracy of VFU services. As a result, customers gained confidence in the quality services being provided and began to utilize the VFU services more

frequently. As can be seen in the graphs below, as VFU services became more reliable the total number of farmers and Kuchis receiving AI and lab diagnosis services consistently increased month-by-month.

**Table 3 and 4 Services by Month**



### Vaccination

The AHP also provided training in animal vaccinations and introduced the idea of seasonal vaccination campaigns. Prior to the AHP, VFUs did not conduct vaccination campaigns but rather relied upon irregular vaccinations that were dependent on the livestock owner requesting a vaccination. This system of irregular vaccinations did nothing to inform the public of proper vaccination time periods, specifically before winter and in the spring, nor optimal animal health. As a result many animals were not receiving the vaccinations needed to survive harsh weather conditions and drought.

Therefore, Mercy Corps’ AHP assisted VFUs to market and provide regular bi-yearly vaccination campaigns in November and March/April. The results of these vaccination campaigns were twofold. First, when interviewed, livestock owners admitted that livestock deaths due to disease have decreased since they began taking part in the regular vaccination campaigns.<sup>5</sup> Second, by creating awareness and thus creating demand for vaccinations on a bi-annual basis, income during the months of the vaccination campaigns dramatically increased. VFU owners now anticipate the increased income from the vaccination campaigns and can appropriately time their purchase of major items like excess vaccine and medical supplies and family expenditures. This has reduced costs on a monthly basis and subsequently increased the monthly net income.

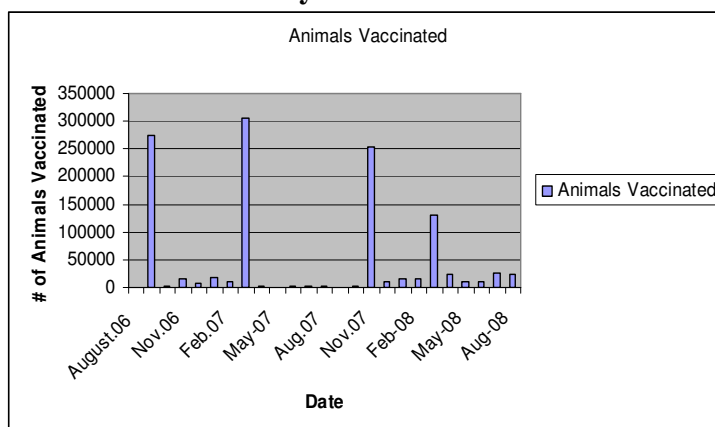
Table 5 shows the monthly income received from vaccination service. Note the dramatic increase in income during the months of the vaccination campaigns.<sup>6</sup> The most recent vaccination campaign saw a decrease in the number of clients that received vaccinations due to two reasons. First, the Government of Afghanistan

<sup>5</sup> AHP conducted a survey in October 2007 selecting 10 sentinel farmers per VFU for a sample total of 220. The first visit in October 2007 asked each farmer how many animals they had. The second visit is ongoing with results of the percent decrease in mortality due at the end of December. The results of the survey are expected to be positive.

<sup>6</sup> The last vaccination campaign had reduced income due to the deteriorating security situation in the south of Afghanistan.

(GoA) conducted a free, nation wide vaccination campaign. Second, insecurity in the south severely restricted VFU mobility.

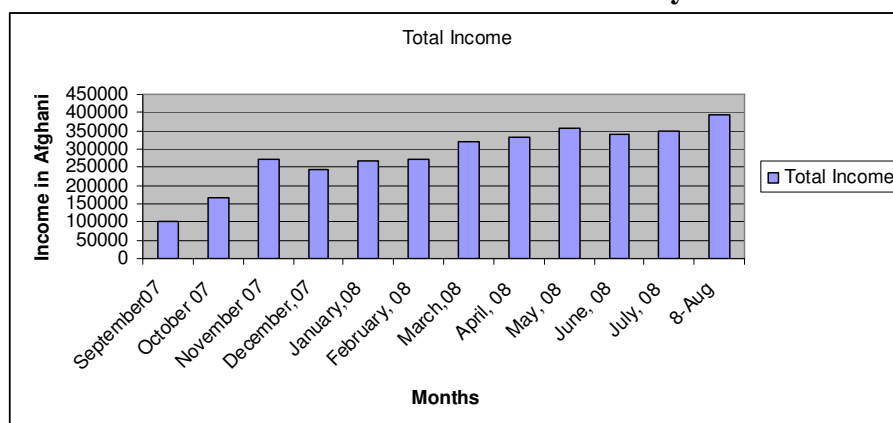
**Table 5 Monthly Income from Vaccinations**



#### 4.3.3 The Effects of Quality Products and Diversified Services on Net Income

As AHP VFUs became recognized as providers of quality drugs and reliable, diversified services the income of each VFU increased. Table 6 below shows the combined total income on a monthly basis of each VFU. The increase is dramatic with a combined total income of 100,000 Afs (approximately US\$2,000) in September 2007 and just under 400,000 Afs (approximately US\$8,000) in August 2008.

**Table 6 Combined Total Income of VFUs by Month**



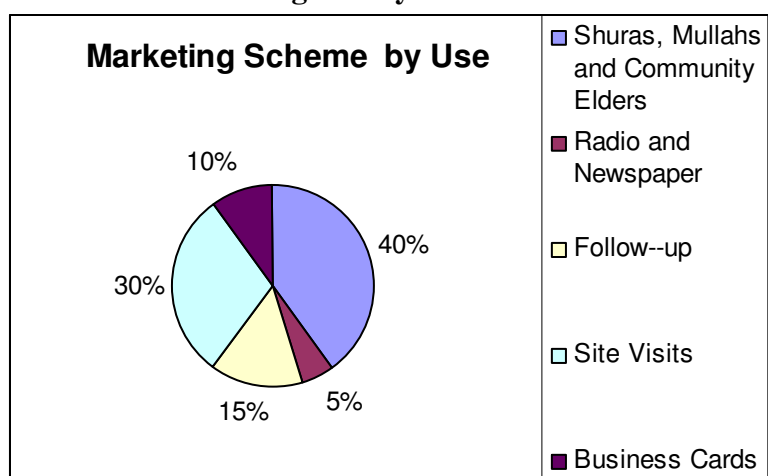
#### 4.4 VFU Marketing

The AHP realized that in order for marketing to be effective, they had to localize the marketing schemes. That is why, after the midterm review, AHP staff met with VFU program participants and received their input on what marketing schemes would be most effective at reaching the widest audience. The conclusions were:

- Directly soliciting community leaders such as a Mullah<sup>7</sup> and community, elders. Generally solicitation is done within a shura<sup>8</sup>,
- Monthly site visits by paravets to communities where they provide services,
- Follow-up with communities after services rendered,
- Business cards for each VFU,
- Radio and newspaper advertising.

When asked which marketing scheme the VFU used most often, the following was agreed upon by each VFU.

**Table 7 Marketing Survey**



#### 4.4.1 *Shuras, Mullahs and Community Elders*

In order for a VFU, or any business for that matter, to work within an Afghan community they must have the support of local leaders, specifically Mullahs and community elders. In most cases, VFU paravets speak in front of a community shura about VFU services, products and the benefits of animal husbandry care. Upon receiving the endorsement of these influential people, community members are much more likely to utilize the services being offered by the VFU because of their status as an animal husbandry expert. A comparison can be drawn between this form of marketing and, as an example, Nike contracting with famous sports figures to market their product. The same applies to Afghanistan with community leaders influencing the purchasing decisions of their respective communities.

#### 4.4.2 *Site Visits*

Regular site visits are also a crucial marketing scheme employed by VFUs, because it gives the VFU an opportunity to speak directly with community members about best livestock practices and the services of VFUs. Regular field visits also allow a VFU to

<sup>7</sup> Mullah - religious leader (normally leads community in prayer at mosque)

<sup>8</sup> Shura – community council

build and maintain good interpersonal relations with farmers and Kuchi nomads<sup>9</sup>. Once a relationship is built with farmers and Kuchis, the VFU has the added advantage of a positive word-of-mouth network within the community. Through this network, referrals are given to the VFU without the VFU having to spend valuable time personally contacting each household.

#### 4.4.3 *Follow up*

Follow-up was also recognized by AHP staff and VFU program participants as a vital marketing scheme to assist in the sustainability of the VFU. Unlike site visits that introduce a VFU to a community, follow-up visits are aimed at showing the VFU's commitment to the community and the well-being of the livestock. Follow-ups also allow the VFU to gauge the effectiveness of the treatment and explain what steps the livestock owner should take to preserve the health and well-being of the livestock. Follow-up is also an opportunity for VFUs to continue learning about treatment of unique cases and to observe trends in animal health that help them prepare for future vaccination rounds.

A direct result of regular site visits and follow-up is an increased trust between the VFU and livestock owners. This report found that 66% of VFU clients call or visit VFUs on a regular basis to inquire about new treatment, vaccinations or potential disease outbreaks, thus increasing the likelihood of preventative or proactive treatment.

#### 4.4.4 *Business Card Distribution*

Business cards are used by 60% of AHP VFUs as a marketing scheme. Yet, as the pie chart above shows, the VFUs that use business cards do not rely upon business cards as their primary marketing tool (5%). Prior to the AHP no VFU used business cards. The majority of VFUs who use business cards are those located in or near major centers like Kandahar and Lashkargah. Many place business cards in businesses or livestock markets for individuals to pick up on their own. An interesting form of business card that every VFU recognized was useful is labels on medicines and bottles that the VFU distribute to customers. Since these are products customers take with them, the bottle serves as a reminder of who provided the medicine and how to contact them in the future.

#### 4.4.5 *Radio and Newspaper Advertising*

Radio and newspaper advertising are used infrequently and only when VFUs want to market to distant areas that are not easily accessible through site visits. One VFU, Dand in Kandahar Province, does have a weekly radio message focused on best livestock management practices entailing vaccination, disease prevention feeding, AI services, beneficiary success stories and services provided by the VFUs. The messages were identified through a series of community meetings and consultation. Dand's radio broadcasting through Afghan Azada Radio can be heard 50 Km away, allowing 80% of people in Kandahar to have access to the radio program. Afghan

---

<sup>9</sup> Nomadic herders who spend winter months in the lowlands of eastern Afghanistan and migrate into the Central highlands for summer grazing.

Azada Radio has also visited two AHP VFUs, Cattle Market and Arghandab, however due to the security situation regular broadcasting has not materialized.

#### 4.5 Female BVWs



**Figure 5: FBVW Training - 02/15/08**

Mercy Corps created FBVWs to provide animal health services to women to care for livestock. FBVWs have also assisted VFUs increase their client base by referring farmers and Kuchis to a VFU if the FBVW is unable to treat an animal. Typically in the south of Afghanistan women are discouraged from going out of their homes alone. This situation makes it extremely difficult for women to utilize services such as those being offered by VFUs. Therefore the AHP trained FBVWs (mostly older women or widows identified by the community) in a number of program areas in animal health practices, consistent with the training provided to male BVWs. These FBVWs are then able to assist women who own livestock in ways that are appropriate to community needs as well as cultural norms.

Those FBVWs who work in an area near a VFU have also greatly assisted VFUs to increase their customer base. As an example the following table gives examples from a few VFUs on how much business VFUs receive from FBVWs.

**Table 8 % of VFU customers from FBVW referral**

Sample VFUs	% of customers referred by FBVWs
Dand	5%
Nagahan	15%
Shurandon	30%

FBVWs are not employed by VFUs rather they have received support in the form of training in basic animal treatment and vaccination skills by Mercy Corps' AHP. If a FBVW cannot diagnose or treat a particular problem she then will refer the client to the nearest VFU. This form of referral costs the VFU nothing and has steadily increased the customer base of numerous VFUs. FBVWs also assist women livestock owners in having healthier, more productive animals and thus greater food security, which is particularly important as Afghan women often have less access to formal employment. Finally, FBVWs are also contracted by the VFUs conducting bi-annual vaccination campaigns.

#### 4.6 Cooperative Formation



Figure 6: ETAHAD VFU Cooperative - 10/28/08

One of the biggest obstacles to the sustainability of VFUs upon program completion is a continued supply of quality drugs and vaccines – each of which were previously provided to VFUs by Mercy Corps at a subsidized rate. To help VFUs receive the same quality drugs and vaccines upon program completion, in March 2008, the AHP registered with the Afghan government a VFU cooperative named the United Agriculture and Livestock Cooperative. The cooperative consists of 54 members. All 22 of the VFUs associated with the AHP are members and the other 32 are a combination of AHP staff and local area farmers.

The main objective of the cooperative is to provide VFUs with quality and affordable medicine, vaccines and equipment needed to maintain quality services such as AI, lab treatment, lab diagnosis and vaccination campaigns. The cooperative, through introductions by Mercy Corps, has established good relationships with approximately four to five local traders in Kabul, Kandahar and Pakistan. These traders purchase drugs from reliable, high quality suppliers such as Norebrooke in Ireland, Interchemi in the Netherlands and Star Limited in Pakistan.

Unlike unlicensed traders in the bazaar who sell inexpensive, poor quality medicines that are regularly expired, the traders that the cooperative and Mercy Corps work with are reliable suppliers. Having quality supplies, combined with the proper technical knowledge to know what medicine to administer for each given case is essential if VFUs are to continue giving accurate diagnoses and treatments and thus be looked upon as an authority in animal husbandry and veterinary medicine. Without being recognized as an authority figure in animal husbandry, the long-term sustainability of the VFU would be severely jeopardized.

The recommendations section below, determined by AHP staff and VFU owners, discusses what needs to be done in the future to create a sustainable, independent cooperative that can assist VFUs now and into the future.

#### 4.7 Financial Management



**Figure 7: Financial Management - 02/15/08**

In June 2007, only 50% of all AHP VFUs kept daily financial records.<sup>10</sup> To increase this number the AHP trained VFUs in basic bookkeeping and income tracking methods. With accurate financial records VFUs are now tracking cost-recovery and net income. This information helps them to create financial projections, which are essential in helping define the strategic direction, profitability and growth potential of the VFU.

To simplify daily income and expense record keeping, Mercy Corps' AHP created an easy to use, printable spreadsheet (See Appendix A for an example spreadsheet). Since the majority of VFUs do not possess computers, the spreadsheets are printed by Mercy Corps and given to VFUs to hand-write the numbers into the spreadsheet.<sup>11</sup> The daily income portion (Table 9) of the spreadsheet tracks the revenue received from treatment, field visits, AI pregnancy tests, lab testing and vaccinations. Each of these line items was then totaled to give the VFU's total daily income. At the end of each month the VFU simply totaled each column to come up with the total income received from each activity and the total income received throughout the month – essential information for AHP staff to monitor the VFUs potential for privatization.

**Table 9 Income Record Sheet**

Date	Daily Income					Total Daily Income
	Treatment	Field Visit	A.I and Pregnancy Test	Lab	Vaccination	

Expenses (Table 10) were tracked on the right hand side of the spreadsheet with VFU transportation (non-motorbike transportation) rent, guard salary, motorbike fuel costs and other expenses recorded. Individual expenses were totaled to reveal the VFUs total daily expenses. Total daily net income was calculated by taking the total daily income and subtracting it from total daily expenses. (See box below for sample Daily Expense sheet). Again, it was easy to calculate each line item expense, total expense and total net income for the month by calculating each column of the Daily Expense portion of the record sheet.

**Table 10 Expense Record Sheet**

Daily Expenses					Total Daily Expenses	Total Net income
Transportation	VFU rent	Guard Salary	Motor Bike fuel Cost	Other		

With proper record keeping, VFUs then began to think strategically about how to use income most efficiently per the financial management training they had received.

<sup>10</sup> AHP VFUs Appraisal Report Ayub – pg. 3.

<sup>11</sup> The spreadsheets are simple enough that VFUs can replicate them by hand in a simple notebook. Thus VFUs are not dependent on Mercy Corps to continuously provide the spreadsheets.

Three specific examples of VFU strategic thinking initiated from using the income/expense sheet are:

1. VFUs began to understand the importance of cost-recovery (income > expenses) and adjusted their prices accordingly.
2. VFUs created a tracking system that enables them to look at the previous month's sales and services rendered and purchase the needed supplies to restock for the coming month.
3. VFUs also began to reduce expenses related to both the VFU and to their household, if monthly income was not sufficient.

By providing the VFUs with a simple to use daily income and expense sheet, and training the VFUs to read and analyze income and expense sheets, the AHP enabled them to understand the value of maintaining excess income and thus created more financially stable VFUs.

## **5.0 Mainstreaming M&E system into Program**

The AHP created many different monitoring tools that would enable AHP staff to track VFU trends in income generation, cases and service activities (See Appendix B and C for example monitoring tools). Each trend was tracked in order to give AHP an idea of the VFUs progress in providing quality services and the amount of assistance VFUs needed before they were self-sustainable. The monitoring system created by the AHP was crucial to the success of both the program and VFU privatization, because it enabled all stakeholders, staff and VFUs, to have a visual aid and objective data in determining the overall success of the program and planning next steps.

Before appropriate monitoring tools were in place, many VFUs admitted they would not reveal their true income levels out of fear that they would lose Mercy Corps financial support. Therefore, the AHP staff had to address the mindset of the VFUs' hesitancy to provide accurate financial indicators by explaining how they would benefit from doing so. The AHP staff explained to VFUs the importance of accurate income statements. If AHP staff determined sufficient dedication by VFU staff was not proven, then AHP financial support might be dropped, but that if they were working toward self-sufficiency, Mercy Corps would help them get there. This caught the attention of VFU staff immediately. Once accurate indicators were provided by VFUs, the AHP began to monitor the monthly activities of each VFU closely; how close they were to independent sustainability and what problems, if any, needed to be addressed in order to make the VFU operate more efficiently and profitably.

Specific indicators each VFU tracked were:

- Income activity using the Income/Expense sheet
- Diseases or sicknesses VFUs treat on a monthly basis using the VFU case tracker
- Monthly medication data (how much was distributed per VFU)
- Vaccination Data

- Lab diagnosis and treatment data
- AI Data
- Number of FBVWs trained and number of animals treated and referred to nearby VFU

Compiled, these indicators created a picture of the progress each VFU was making in income generating activities, the income received from these activities and for what reasons or services clients were using the VFU.

If a VFU's income or service indicators began to stagnate, AHP staff would then speak directly with VFU staff and program participants to determine the root cause of the problem. Examples of problems that were determined after analyzing data and speaking with program stakeholders were:

- Low quality of medicine – This was determined by visiting farmers and asking if the medicine being provided by VFUs was treating the livestock.
- VFUs not visiting sites or conducting follow-ups on a irregular basis – The AHP would visit communities where the VFU worked and ask how frequently the VFU had visited the site.
- Low number of clients who visit the VFU – AHP staff would discuss with Kuchis and farmers how often they visited the VFU for services or medicine. If it was found that they did not go to VFUs, AHP staff would ask for the reason why the potential customer did not use the services of the VFU. Reasons ranged from not enough medicine, sometimes the behavior of the VFU was not professional or the vaccine had not arrived on time. AHP staff would then work with the VFU to fix the problem.
- Security – If a VFU did not submit the required monthly data sheets or if the VFUs income was drastically reduced, many times that was due to a deteriorating security situation within the region.

Once these problems were determined, it was easier for AHP staff to assist the VFU to address the problem or find other options. This form of monitoring was very responsive to the local context of the situation and was a vital tool to helping establish the sustainability of the VFU.

## **6.0 Future Action**

Mercy Corps' AHP has achieved significant results since the program was started in 2004. However, there is more Mercy Corps and other NGOs can do to assist in VFU sustainability and the health of livestock. Below are some recommendations for future action.

### *6.1 National Policy Coordination*

Mercy Corps and other NGOs focused on animal husbandry would create longer term sustainability if they work with the Afghan government in support of legislation that sets a minimum quality of standard for medicines. As this report has mentioned on numerous occasions, many sellers of medicine offer poor quality and expired

medicines to livestock owners. Uneducated, illiterate farmers do not understand the negative effects poor quality medicines will have on their livestock, but rather are only looking at the low price. Not only will legislation requiring a minimum standard for medicines help the overall health of livestock, it will also make VFUs more price competitive against sellers at bazaars. If bazaars are forced to sell higher quality medicines the price of that medicine will increase to a level comparable with VFUs.

### *6.2 Engaging Kandahar University*

Kandahar University, being the only higher education institute in the region, has the potential opportunity to incorporate Animal Husbandry Professionals, VFUs and implementing partners into livestock based research and to promote best livestock management practices in the region.

### *6.3 Sustainability of the Cooperative*

In order for the cooperative to be sustainable and provide quality medicines and vaccines in the future, Mercy Corps will need to provide support beyond the life of the existing Animal Husbandry Program. First, Mercy Corps needs to work with cooperative leaders to purchase directly from the supplier and not go through a middleman. By purchasing directly from the supplier, drugs will be less expensive and more competitive against poor quality, cheaper drugs sold in bazaars (assuming legislation is not passed).

Second, Mercy Corps should work with the cooperative on a discounted pricing scheme. If a VFU or a livestock owner purchases large quantities of supplies and medicines (ex: \$2,000), that VFU or livestock owner should receive a discount of, say 5%. Each additional \$500 in sales should be accompanied with an increased discount. This will encourage VFUs and some of the bigger farmers to purchase larger quantities of supplies and drugs from the cooperative. As a consequence, the cooperative and its members should see an increase in overall income received from drug sales as VFUs and livestock owners purchase larger quantities.

Third, cooperative staff should provide training seminars to VFUs and farmers. Training seminars will provide the cooperative with two advantages. The first advantage of the training seminars will be as a marketing tool to entice farmers and

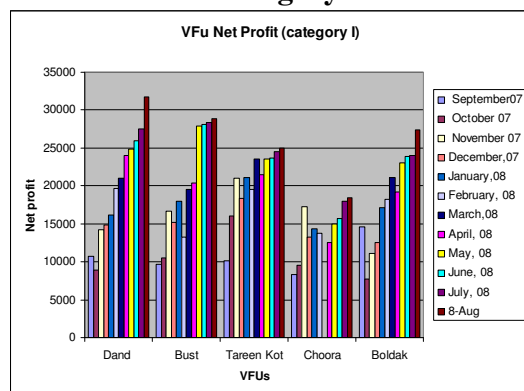
VFUs to visit the cooperative. Second, an increase in potential clients visiting the cooperative and seeing the drugs and supplies offered should increase overall sales of cooperative products.

Finally, to become a cooperative member, a VFU or farmer must purchase shares within the cooperative. The maximum amount of shares a shareholder can purchase is 14 as established when the cooperative was created. The cooperative should offer to shareholders willing to purchase 14 shares special privileges, such as a 5% reduction on the price of drugs. The major advantage of this is increased invested capital from members that can be utilized to purchase more supplies, market the cooperative's services, renovate the cooperative building, etc.

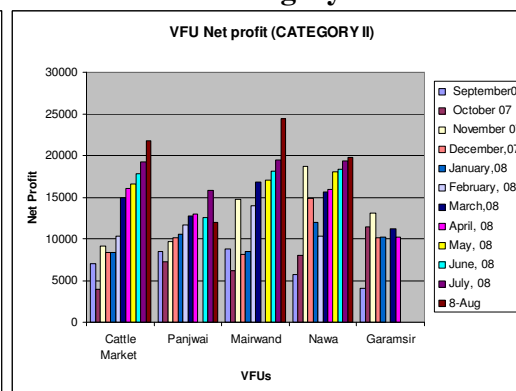
## 7.0 Conclusion

Mercy Corps has established 22 VFUs and equipped them with the proper technical and business skills to be self-sustainable upon program completion in December 2008. Tables 10, 11 and 12 below show each VFUs monthly net income since September 2007. As the graphs show, each VFU has consistently increased their monthly net profit.<sup>12</sup> Some of the more successful VFUs, namely Dand, Bost and Bab Sahb now receive 31,700 Afs (US\$634), 28,850 Afs (US\$577) and 28,250 Afs (US\$565) respectively. This is an average of a 196%, 197% and 573% increase in net income over the past 12 months.

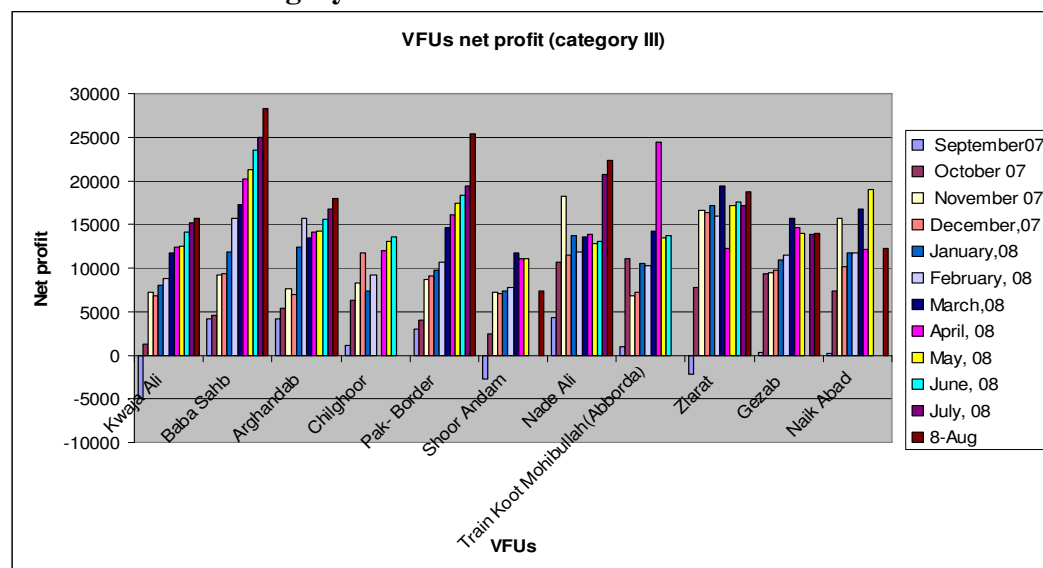
**Table 11 VFU Category I Net Profit**



**Table 12 VFU Category II Net Profit**



**Table 13 VFU Category III Net Profit**



The increase in net income can be attributed to many different factors. The most significant contributing factor is Mercy Corps' comprehensive program that focused on technical training in the first half of the program and basic business skills training, along with technical training follow up, in the second half that would allow a VFU to

<sup>12</sup> Minus two VFUs whose data has not been received due to a deteriorating security situation over the past 3 months.

Veterinary Field Units Privatization Scheme in Afghanistan  
Mercy Corps – December 2008

run a sustainable and profitable business. Along with the business skills training, the program was able to clarify program vision and exit strategy.

The technical assistance which Mercy Corps provided in order to increase net income are:

1. Training provided by Mercy Corps that diversified VFU services to AI, lab diagnosis, lab treatment and vaccinations.
2. Supplying VFUs with quality drugs at a reasonable price, then establishing a local cooperative to continue the supply of quality drugs upon program completion.

The basic business skills provided in the second half of the program that contributed to VFU privatization are:

1. The introduction by Mercy Corps of localized marketing schemes that extended the geographic reach of VFUs.
2. Financial record keeping that allowed VFUs to monitor more closely the income received from each service and drug and the expense needed to have sufficient supplies and drugs to meet the needs of the customer.
3. Financial data along with service and drug monitoring tools enabled Mercy Corps to closely watch the VFUs' monthly activities. Mercy Corps staff could then identify and address problems that hindered a VFU's financial growth and progress toward privatization.

The privatization strategy created by Mercy Corps' Animal Health Program is applicable to other Afghan and worldwide Mercy Corps programs. The information in this report will give a quick reference of the success factors and practices that enabled VFUs to transition from subsidy based services to privatized businesses.

**Appendix A**

**VFU Financial Data Registration Book**

VFU Name  
Month

Date	Daily Income				Total Daily Income	Daily Expenses				Total Daily Expenses	Total Net income
	Treatment	Field Visit	A.I and Pregnancy Test	Lab		Vaccination	Transportation	VFU rent	Guard Salary		

## Appendix B – Sample Activities Income Tracking Sheet

VFU	Activity	7-Sep		7-Oct	
Dand	Services	Cases	income	Cases	Income
	Treatment	1282	17,650.00	778	13,940.00
	laboratory	175	1,400.00	153	1,000.00
	AI/PD	21	4,860.00	11	3,500.00
	Vaccination	0	2,590.00	0	0.00

Khwaja Ali	Treatment	326	3,500.00	877	5,000.00
	laboratory	0	300.00	0	300.00
	AI/PD	0	300.00	0	400.00
	Vaccination	0	400.00	0	0.00

Cattle Market	Treatment	926	14,740.00	966	7,800.00
	laboratory	37	350.00	29	100.00
	AI/PD	6	3,220.00	3	2,200.00
	Vaccination	440	1,790.00	740	1,000.00

Appendix C – Sample Veterinary Drug Selling Record

Month.....June 2008.....

S/N	Description	Unit	Sold Quantity	Trade Price/ Unit	Total Cost	Retail Price/ Unit	Total Cost	Profit
1	Inj Alamyicine LA 100ml	Bottle	78	106	8268	120	9360	1092
2	Inj Penstrep100ml	Bottle	75	155	11625	170	12750	1125
3	Inj Penstrep 50ml	Bottle	72	93	6696	125	9000	2304
4	Inj Noromectin 100 ml	Bottle	38	200	7600	214	8132	532
5	Inj Tribon 50ml	Bottle	140	70	9800	75	10500	700
6	Paranil Plus 1 Liter China	Drench	50	209	10450	240	12000	1550
7	Drench Wantox 450ml	Drench	15	145	2175	150	2250	75
8	Drench Wantox 1Litr	Drench	0	213	0	250	0	0
9	Inj. Dypron 50 ml	Vail	140	14	1960	22	3080	1120
10	Inj Dimenazin 50ml	Vail	15	54	810	58	870	60
11	D.C.P with minerals 3kg	Pack	0	178	0	210	0	0
12	Inj. Introvit (Multi Vitamin)	Bottle	50	110	5500	120	6000	500
13	Inj. Oxyfet 20%100ml	Vail	24	70	1680	80	1920	240
14	Inj. Parvexon 15%	Vail	21	305	6405	350	7350	945
15	Inj. Vitamin B Complex	Vail	132	10	1320	14	1848	528

