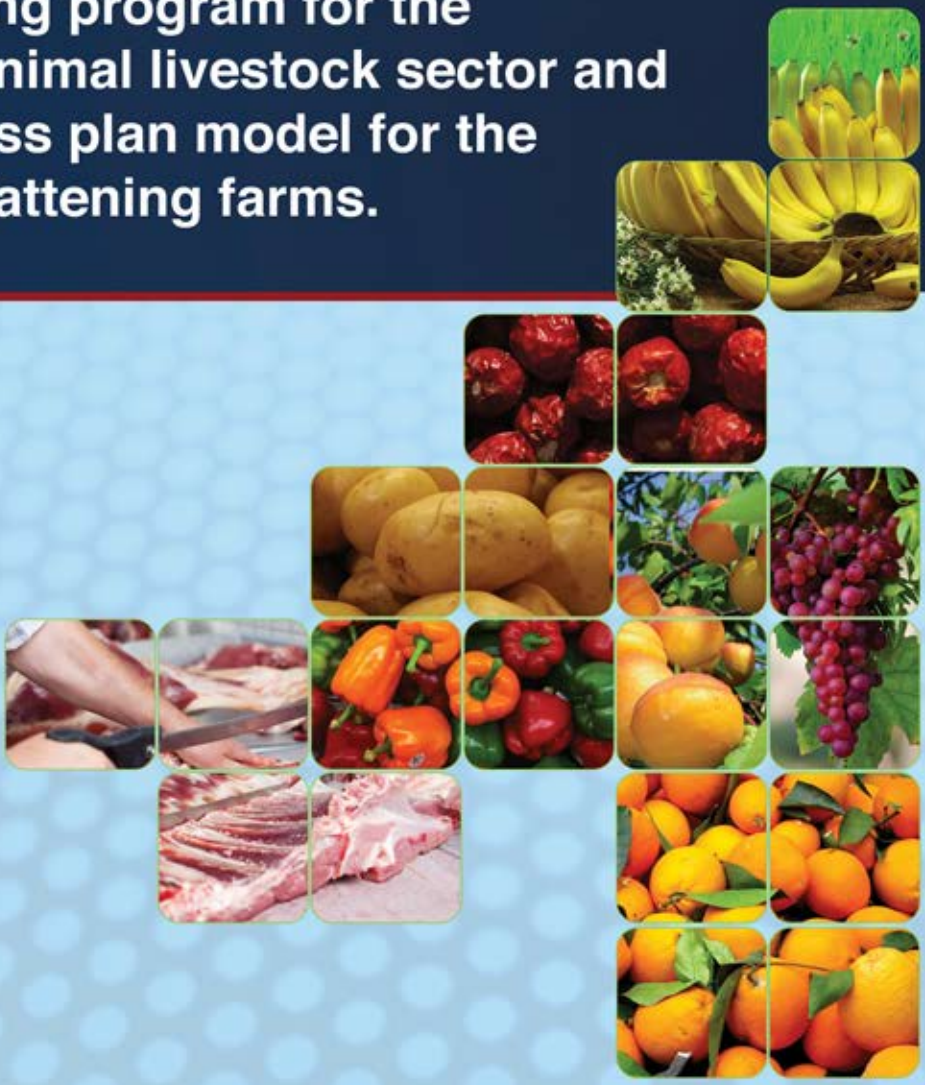
Together we will create a Roshan Pakistan

Breeding program for the large animal livestock sector and business plan model for the cattle fattening farms.



The Agribusiness Project - Agribusiness Support Fund
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Breeding program for the large animal livestock sector and business plan model for the cattle fattening farms for the USAID Agribusiness Project

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This manual is a live document which can be changed/updated as the project progresses. Any suggestions for further improvement are most welcome.

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The time spent in Lahore proved invaluable. We were able to have meetings at the PAMCO offices and visited PAMCO fattening facilities. However, it was the design of the model breeding program and business model that forms the backbone of this report. It was truly a team effort by a number of producers and industry role players and it essentially took two full days to put in place the structure of the breeding and business model.

Mr Shamsher Kahn organized the initial itinerary and ensured that the visit to Pakistan and the arrangements went smoothly. Mr Imran Bashir from ASF gave very valuable input on the retail chain report and some good advice on the structure of this report.
Finally, the day to day activities, reports and pictures have been made available on the web using "evernote".

FOREWORD

A series of Training manuals , Guide Books and Reports have been developed by The Agribusiness Project (TAP) to facilitate the capacity building of farmers involved in TAP's targeted value chains, thereby enabling them to make the requisite transformation from 'subsistence farming' to 'farming as a business enterprise'. The Agribusiness Project is funded by USAID|Pakistan, with the overall goal of supporting improved conditions for broad-based economic growth, enhance profitability and employment opportunities and contributing to poverty alleviation through product and process transformation of selected value chains in horticulture and livestock sub-sectors." The strategy of TAP focuses on:

1. strengthening capacities in horticultural and livestock value chains to increase sales to domestic and foreign markets;

2. strengthening the capacity of smallholders (through farmer enterprise groups-FEGs), individual farmers and agribusinesses to operate effectively and efficiently; and,

3. increasing productivity and profitability through adoption of new techniques and technological innovations (among farmers, agribusinesses and business development services providers).

Through TAP, farmers have been organized as Farmer Enterprise Groups (FEGs) for cultivating the benefits of scale, through optimized production and marketing, and serving as a vehicle for transferring of the benefits of TAP interventions to its stakeholders - the farmers. TAP is providing active support to the FEGs and farmers for improving small producers' positioning in a value chain through support in incorporating producers and their product into stable, profitable market channels, and provision of necessary services and assistance in business development, planning and marketing through inter-linkages. This requires intensive capacity building of the stakeholders placing capacity building at the heart of all interventions.

This report/Manual can be used by anyone involved with the production, cultivation, harvesting and enterprise development training of and for farmers/farmer business groups. The contents have been finalized with the consultation of stakeholders engaged with the value chains.

While these Reports/Manuals/Guide Books are project specific and for a farmer audience, they can also be used for the capacity building of government and non-government agency representatives, processors and exporters who are involved in implementing production/cultivation, enterprise development and value chain programs, through the communities. Finally, I want to thank USAID|Pakistan for funding The Agribusiness Project under which this intellectual capital has been prepared. I would also like to thank ASF for successfully implementing these manuals/guide books across Pakistan for the benefits accrued to the farmers.

Shad Muhammad
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THE AGRIBUSINESS SUPPORT FUND

ASF is a 'not-for-profit' company registered under Section 42 of the Companies' Ordinance 1984 with Securities & Exchange Commission of Pakistan (SECP). ASF has extensive experience in strengthening and supporting demand-driven private sector service delivery mechanisms throughout the agribusiness value chain this includes supply inputs, production and export markets ASF aims to achieve this objective by mobilizing angel investment grant provision and technical assistance support of farmer and agribusiness enterprises. The company supports start-ups as well as existing enterprises, enabling them to employ modern technique and practices and build expertise and markets understanding required by a fast-changing economic environment and to improve their productivity, profitability, competitiveness and creditworthiness

THE AGRIBUSINESS PROJECT

The Agribusiness Project is an initiative of the United States Agency for International Development (USAID) and the Agribusiness Support Fund (ASF) Pakistan .the project aims at enhancing competitiveness of agricultural value chains in Pakistan, with a focus on Horticulture and Livestock including dairy, meat and fisheries. The objective of The Agricultural Project is to support and create improved conditions for poverty alleviation. Since Pakistan's economy is agrarian in nature, The Agribusiness Project aims to invest in interventions at the primary, secondary and tertiary levels of production. Under the International Market Access Program (IMAP), the project supports the creations of linkages between exporters and importers. The objective is to facilitate market access and enable trading linkages which translates into agribusiness through trade.

LIST OF ACRONYMS

ASF	AGRIBUSINESS SUPPORT FUND
EU	EUROPEAN UNION
FAO	FOOD AND AGRICULTURAL ORGANISATION
FMD	FOOT AND MOUTH DISEASE {USA HOOF AND MOUTH DISEASE}
HS	HAEMORHAGIC SEPTICAEMIA
KDFA	KARACHI DAIRY FARMERS ASSOCIATION
TB	TUBERCULOSIS
UHT	ULTRA HIGH TEMPERATURE
UK	UNITED KINGDOM
USA	UNITED STATES OF AMERICA
USAID	UNITED STATES AGENCY FOR INTERNATONAL DEVELOPMENT
USDA	UNITED STATES DEPARTMENT OF AGRICULTURE

GLOSSARY OF TERMS

BHAINS	WATER BUFFALO BUBALUS BUBALIS
BHOOSA	CHOPPED WHEAT STRAW
DODHI	THE MIDDLE MEN/MILK DEALERS IN THE MILK MARKETING CHAIN
PEKKARS	THE MIDDLE MEN/MILK DEALERS IN THE MILK MARKETING CHAIN

Despite being considered an important part of the diet, Pakistan's consumption of meat has declined from a very modest 14kg's per person to 12 kg's per person in the last five years. This consumption is far less compared to the international average of over 50kg's and less than nearly all other developing countries. At the same time Pakistan is experiencing a very high population growth that is expected to double from the current 160 million people to over 300 million people by the year 2050.

The challenge for the Meat Sector is that it is essentially a bi-product of the dairy sector. The dairy sector is now becoming a separate value chain and the large infusion of over 200,000 Holstein cattle mainly from the USA and Australia will further exacerbate the lack of meat as a source of food because Holstein cattle are not bred for meat production.

At the same time meat is a valuable earner of foreign currency, especially in the Middle Eastern markets. Pakistan is well placed to benefit from the burgeoning demand for the supply of fresh meat and meat products. Pakistan is located close to these markets, and has a more competitive product than the frozen buffalo being exported from India who are the main suppliers. The Australian meat products are a lot more expensive.

The take home message is that the Pakistani industry will urgently need to implement a turn-around strategy and at the very least double its current production to meet the current and future demand. Cattle breeds used in Pakistan are mainly the Sahiwal and Cholistani breeds. Whilst a breed such as the Sahiwal were at one stage widely used in many countries including Australia and Kenya for beef production, the lack of well-structured breeding programs and progeny test schemes has meant that indigenous breeds of cattle (and sheep) in Pakistan have not kept up with the performance required for both meat and milk.

CONSTRAINTS

From the various industry meetings conducted there are a number of major constraints in the Meat Production part of the Value Chain:

- Cows are used as dual purpose breeds and a significant portion of the milk is used for household consumption. The calves that suckle from their mothers are stunted from the onset of birth and lack the required growth and immunity for protection against disease.

- Whilst the indigenous breed types are ideally suited to extensive, climatically hot areas on natural forage with limited resources, the cattle types being used are not suitable for cattle fattening because they lack the inherent genetic potential to grow at the rate required to be economically viable. The Sahiwal breed for example is considered to be a "Bos Indicus" breed of animal. In developed countries the Zebu cattle including Sahiwal are mainly used in crossbreeding programs for beef production only if the progeny are expected to be fed in cattle fattening facilities (feedlots).

• The cattle coming into the fattening facilities in Pakistan weigh on average 80-120 kg's at one year old are often diseased and undernourished. Most of the cattle entering cattle fattening facilities in developed countries will weigh over 200 kg's at weaning (i.e. 200 days).

• The animals are fed poor quality diets that are largely a byproduct of the wheat industry. Wheat straw is a poor base for animal feeds.

• Feed makes up 70% of the total cost of a cattle feeding enterprise. When corn silage is used in a cattle fattening program for example, it is purchased in bale form. This is twice as expensive as silage grown on farm.

• Nearly eight million mainly buffalo calves are discarded at a very young age. If suitable milk replacers were found these calves could add substantially to the value chain.

RECOMMENDATIONS

The Dairy industry in Pakistan has progressed strongly over the last decade because it has reached an economy of scale where many producers now have a few hundred or even thousands of dairy cows. The reality is that with only 5-6 animal's small scale producers do not have the economy of scale to run a profitable cattle enterprise. If however fattening farms are established in Pakistan, small holder producers will benefit immensely because there will be an established market for their product and value addition will occur that will essentially double the output of meat.
• At least two farms should be targeted to become model Seedstock and cattle fattening enterprises. Both farms should be properly supported by technical experts for the duration of the project and a delegation of local industry consultants with the farm owners should be given the opportunity to travel to a developed country to learn about cattle fattening and silage making.

• The first farm should become a nucleus farm for the dual purpose Simmental breed. After the Holstein the Simmental is the second largest breed in the world and is specifically bred for increased milk production and weight gain. The Fleckvieh type of Simmental is specifically bred for production under extensive production environments such as is found in Pakistan. The production of the Simmental breed should be benchmarked against the local breeds in a similar environment in Pakistan and the inputs/costs and weight gains in the fattening facilities compared to one another as well as gains in profitability.

• On the second farm the meat breeds of Angus and Brangus should be compared to the local breeds. Once again a nucleus facility should be developed and both farms should have training facilities. According to Pakistani scientists it should be possible to grow silage twice, or even three times a year, on the same piece of land. If this were demonstrated to be economically feasible it could revolutionize the whole agricultural industry in Pakistan.

• A separate recommendation is that Pakistan needs to preserve the genetic base of its main breeds i.e. the Cholistani and Sahiwal. Separate reports (Value Chain of Dairy and Meat Value Chain) has suggested that a herd book and genetic evaluation program be supported in Pakistan.

BREEDING PROGRAM DESIGN

A) Embryo program to form the nucleus herd

A nucleus herd of 50 cattle will be created. An AI company will be identified to provide at least 150 embryos for the program. These embryos will be impregnated in three cycles.

B) AI program

A further 100 cows of average quality will need to be purchased to be part of the AI program. On these cows the semen of the bulls that are bred from the embryo program will be used in the second generation.

The program should be developed to demonstrate the success of a cross breeding program and the potential for animals in a cattle fattening facility when managed to acceptable norms.
The community needs to be comfortable with the ideal model for conception, birth, growth, and fattening as well as adaptation to local climate and diseases. These cross-bred animals also need to be benchmarked against a few of the purebred males from the embryo program.

C) Seedstock bulls for local market

After the first cycle (two years) a number of bulls will be made available for the market. In the second round these bulls will be made available to the smallholder producers, once it has been demonstrated that a cross-breeding enterprise adds value and the value of using the purebred animals is appreciated.

The management of both these herds will require a significant amount of training, and the herds can be used as training facilities for the broader community. They will also be encouraged to become part of PAMCO in Punjab province. PAMCO is a semi government organization that has been tasked by government to run a "save the calf" scheme and a cattle fattening program. At the same time the two Seedstock farms will be encouraged to be part of an international breed registry program, producing bulls that are certified as Registered Pure Bred cattle.

3 OBJECTIVES

The objectives of this study is to perform the market research on the current production of animals entering the meat value chain. Required recommendations on breeds and management practices that should be implemented will be examined and a business model for the cattle fattening industry should be been developed.

5 BACKGROUND

In his previous report on the Meat Value Chain (Bradfield: The Meat Value Chain), it was shown that the Meat Sector is essentially a bi-product of the dairy sector. Currently Pakistan is importing over 200 000 Holstein cattle, mainly from the USA and Australia. Holstein cattle are not bred for meat production and this will mean that meat as a valuable resource will become even scarcer.

Pakistan's consumption of meat has declined from a very modest 14kg's per person to 12 kg's per person in the last five years. This consumption is far less compared to the international average of over 50kg's and less than nearly all other developing countries. China for example has increased its consumption of meat from 20kg's per person to nearly 50kg's per person over the last 30 years. Pakistan is also experiencing a very high population growth that is expected to double from the current 160 million people to over 300 million people by the year 2050.

Meat is a valuable earner of foreign currency for Pakistan, especially in the Middle Eastern markets. Pakistan is also well placed to benefit from the burgeoning demand for especially the supply of fresh meat and meat products. Pakistan is located closely to these markets, and has a competitive product compared to the frozen buffalo being exported from India, while the Australian meat products are a lot more expensive.

It was clear from the research done in this and the previous Value Chain Assessment that the Pakistani industry will as a matter of urgency need to implement a turn-around strategy and at the very least double its current production to meet the current and future demand.

However, to achieve this will require some specific interventions in especially the production side of the value chain by developing the seedstock and cattle fattening farm sector.

5.1 Performance of indigenous Cattle breeds in Pakistan compared to European and British breeds.

The main breeds of cattle used in Pakistan are given in Table 1. Most of the breeds being used in Pakistan are essentially dairy breeds with the largest breed being the Red Sindhi that has an estimated population size of 3 million animals, followed by the Sahiwal with 2.8 million purebred animals. It is estimated that 43% of the population are purebred, 13% are crossbred and the others are considered to be non-descript.

Table 1: Cattle breeds of Pakistan, their utility, distribution and population size

No.	Breed	Synonym	Utility	Distribution	Pop. size*	Other countries
1.	Achai	-	Dairy & light draught	NWFP	684	Afghanistan
2.	Bhagnari	Nari	Heavy draught	Balochistan	1027	Endemic
3.	Cholistani	-	Dairy	Punjab	537	Endemic
4.	Dajal	-	Medium draught	Punjab	72	Endemic
5.	Desi	Non-descript	Draught, dairy	All over Pakistan	11752	India, Bangladesh
6.	Dhanni	Pothwari	Medium draught	Punjab	1483	Endemic
7.	Gabrali	-	Dairy & light draught	NWFP	231	Afghanistan
8.	Hariana	-	Draught	Punjab	<1	India
9.	Hissar	-	Draught	Punjab	<1	India
10.	Kankraj	-	Medium draught	Sindh & Punjab	273	India
11.	Lohani	-	Light draught	NWFP & Punjab	560	Endemic
12.	Red Sindhi	Malir, Sindhi	Dairy	Sindh & Balochistan	3032	Endemic
13.	Rojhan	-	Light draught	Punjab	376	Endemic
14.	Sahiwal	Lola, Montgomery	Dairy	Punjab	2753	India, Kenya, Australia and others
15.	Thari	Tharparkar, Grey Sindhi	Dairy & medium draught	Sindh	1783	India

*Thousand heads according to GOP (2006), if not available, estimates are given.

Table 1 above is taken from the document titled "Genetic Resources and diversity in Pakistani Cattle, 2008 (Sajjad Khan et al).

In the absence of a fully-fledged dairy or beef industry, the indigenous cattle breeds are used as dual purpose animals. At birth, the cows are milked and a certain portion of milk is allocated to the calf. This management practice makes it very difficult to compare the performance of different breeds. In most instances the cow is expected to provide milk to the household and at the same time raise a healthy calf. The challenge for the meat industry is that mortality rates of the calves are estimated to be between 40-50%, and many industry role players believe that the mortality is so high, largely because the calves are undernourished and stunted from birth.

Table 2 Productive and reproductive performance of the four major breeds in Pakistan

Performance trait	Sahiwal[1]	Red Sindhi[2]	Cholistani[3]	Thari[4]
1. Lactation milk yield (litres)	1550	1350	1235	1140
2. Average lactation length (days)	235	265	200	220
3. Age at first calving (months)	45	45	50	-
4. Service period (days)	155	210	140	-
5. Dry period (days)	205	230	225	-
6. Calving interval (days)	440	495	425	-
7. Gestation period (days)	285	-	285	-

*adapted from [1]Rehman (2006), [2]Aslam *et al.* (2002), [3]Ashfaq (2000), [2]Mustafa *et al.* (2003), [2]Sarwar (1991), [4]Ahmad *et al.* (1984)

Another challenge for the industry is the lack of breed improvement and progeny test programs to ensure that the indigenous breeds are competitive internationally. If we estimate that breed improvement occurs at a rate of 1% per trait per annum and that this rate of genetic improvement is cumulative, then it does not take long for the rate of genetic gain to double. It is for this reason that most European and British breeds have managed to double their production in the last two-three decades with the same level of input.

Breed comparisons should only be made if animals can be compared to one another in the same environmental conditions. For this report no published result that compares the indigenous breeds to European or British breeds in the same environment could be found. Because Pakistan has no beef breeds, it would be unfair to compare the production of local dairy cattle to European and British beef cattle. Studies by Makhdoom Jabar et al (2009) has documented the performance of thirty cattle representing six groups of indigenous breeds in terms of Average Daily Gain (ADG), Feed Conversion Ration (FCR) and various carcass attributes. Buffalo, Sahiwal, Dajal, Cholistani and non-descript breeds were compared using a feedlot ration (Table 3). Cattle entering the feedlot weighed an average of 160kg's at 15-18 months of age. The ADG for the different breeds were 0.85, 0.91, 0.89, 0.89, 0.90, 0.93 kg's respectively for Sahiwal, Dajal, Cholistani and non-descript, crossbred and Buffalo. The FCR was 8.65, 8.11, 7.66, 8.50, 8.43 and 7.07 respectively.

Table 3; Feed ration used to compare the performance of different breeds of Pakistani cattle.

Name of Feed Ingredient	Percentage
Cotton seed sake	9.0
Wheat bran	21.0
Corn gluten feed (20%)	8.0
Rice polish	15.0
Wheat straw	27.0
Cane molasses	17.0
Urea	1.0
Mineral mixture*	2.0
Total	100.0
Crude protein	12.70
Total digestible nutrients	63.90
ME (M Cal/Kg)	2.24
NDF %	35
ADF %	21.4

*100 kg Mineral mixture includes DCP 70.81Kg, NaCl 18.91Kg, $MgSO_4$ 8.64Kg, $FeSO_4$ 0.89Kg, $MnSO_4$ 0.49Kg, $ZnSO_4$ 0.22Kg, $CuSO_4$ 0.03Kg, KI 8.77gm, $CoCl_2$ 0.89gm and $NaSiO_3$ 1.50gm.

European breeds such as the Angus or Simmental will typically have an ADG of 1.7-2.1 and a FCR of 5.4-6.4 in a standardized growth test. The Simmental will for example produce 5500-6500kg's of milk in a pasture grazing system. Sajjad Khan et al published a milk production average of the Sahiwal and Cholistani of 1150 and 1235kg's respectively. As mentioned above production can only be compared if animals are given the same feed regimen and are run under exactly the same environmental conditions. Table 4, gives the ADG and FCR of Simmental, Brown Swiss and the Daial indigenous breed. Unfortunately the production of the purebreds were not measured in this trial. What the trial does show however is a marked increase in ADG and an improvement in FCR when the indigenous Daial is crossed with European breeds. The ADG is at least a half to one kg heavier per day.

Table 4 Comparison between Simmental, Brown Swiss and Daial crosses

Parameters	Simmental x Dajal		Brown Swiss x Dajal	
	Male(1)	Female (2)	Male(3)	Female(4)
Average initial weight (Kg).	215	229	162	156
Average final weight (Kg).	360	369	272	270
Average daily weight gain (Kg).	1.21±0.10	1.17±0.10	0.92±0.10	0.95±0.10
Average daily ration intake (Kg).	8.56±0.60	8.58±0.67	7.22±0.60	6.67±0.60
Feed conversion ratio.	7.14±0.46	7.36±0.52	7.80±0.46	7.02±0.46
Meat bone ratio.	62:38	61:39	64:36	63:37

RECOMMENDED BREEDS

Whilst each breed usually markets the strengths of their breed the reality is that there is usually as much variation within a breed as between breeds.

Breed types can usually be divided into three distinct types i.e. the European breeds (for example Limousin, Charolais, Simmental), British breeds (for example Angus Hereford, Sussex) and Bos Indicus (Brahman, Sahiwal, Nguni).

The Angus breed is the largest beef breed in the world and has a very large, pedigreed and performance database. As mentioned previously the Simmental is the second largest breed and is considered a dual purpose breed. Breeds such as the Brangus combine the attributes of the Angus (bred for growth) and the Brahman (bred to perform in environments with high temperatures and inadequate feed). Fig 1 gives some examples of typical cattle types found in cattle fattening facilities in Pakistan. Fig 2 are pictures of Simmental and Angus animals in a cattle fattening facility in Africa.

Fig1. The typical phenotype of animals in a cattle fattening facility.

Fig 2. The typical phenotype of Simmental and Angus cattle in a fattening facility.

5.2 Numbers of animals per household and cattle fattening facilities

Table 4, shows the number of animals per household and the percentages of households represented. Over 80% of households have less than 6 animals whilst only less than 3 percent of the households have over 15 animals. It was not possible to obtain the number of cattle fattening enterprises that are operational in Pakistan. From the various workshops it is however estimated that there are between 3000 to 5000 fattening farms with between 10-100 animals.

The Punjab Agriculture and Meat Company (PAMCO) is currently embarking on three projects.
The first is the "save the calf" scheme. An estimated 8million bull calves from both beef and buffalo's are slaughtered every year. The "save the calf" scheme will vaccinate and tag all animals on a database, provide milk replacers and subsidize each producer Rs 3 200 per calf to be part of the project. Over 1000 producers are part of the project.

The second project is the "Cattle fattening" project. This project is for both beef and buffalo. Producers are subsidized Rs 1 500 per animal being fattened. Animals enter the fattening facility at approximately one year of age and weigh approximately 150 kg's. They are fed to nearly 300kg's over a four month period.

The third project is a cross breeding project with Simmental, Braford, Angus, Charolais and Hereford bulls. In our discussions with PAMCO it is clear that there is a need to develop "nucleus breeding farms" in Pakistan.

Herd Size	Cattle	Buffalo	Flock Size	Sheep	Goat
1-6	5.204 (84.1)	5.001 (83.4)	1-30	1.390 (88.9)	6.576 (96.7)
7-15	0.826 (13.3)	0.843 (14.1)	31-75	0.119 (7.6)	0.173 (2.5)
16-50	0.140 (2.3)	0.140 (2.3)	76-350	0.050 (3.2)	0.049 (0.7)
> 50	0.018 (0.3)	0.012 (0.2)	> 350	0.005 (0.3)	0.004 (0.1)
Total	6.188 (100)	5.996 (100)	Total	1.564 (100)	6.802 (100)

6 CONSTRAINTS

From the various industry meetings conducted there are a number of major constraints identified in the Meat Production part of the Value Chain:
It is difficult to define indigenous breeds in Pakistan as being dairy breeds. The Sahiwal for example, though considered to be a dairy animal in Pakistan is considered to be a beef animal in countries such as Australia and Kenya. Sahiwal are used as dual purpose breeds in Pakistan and a significant portion of the milk is used for household consumption. The calves that suckle from their mothers are stunted from birth and lack the required growth and immunity for protection against disease.

Whilst the breed types are ideally suited to extensive, hot areas on natural forage with limited resources, the cattle types being used are not suitable for cattle fattening because they lack the inherent genetic potential to grow at the rate required to be economically viable. The Sahiwal breed for example is considered to be a "Bos Indicus" breed of animal. In developed countries the Zebu cattle including Sahiwal are largely used in crossbreeding programs if the progeny are expected to be fed in feedlots.

The cattle coming into the fattening facilities weigh on average 80-120 kg's at one year old. This is markedly lower than most of the cattle entering cattle fattening facilities in developed countries that will weigh over 200 kg's at weaning (i.e. 200 days).

The animals are fed poor quality diets that are largely a byproduct of the wheat industry. Wheat straw is a poor base for animal feeds.

Feed makes up 70% of the total cost of a cattle feeding enterprise. When corn silage is used in a cattle fattening program for example, it is purchased in bale form. This is twice as expensive as the silage grown on farm. In western countries cattle fattening farms are profitable because of economy of scale i.e. they have tight margins but huge turnovers. If feed is overly expensive it will be impossible for cattle fattening farms to be profitable enterprises.

Nearly five-eight million mainly buffalo calves are discarded at a very young age. If suitable milk replacers were found these calves could add substantially to the value chain.

RECOMMENDATIONS

The Dairy industry in Pakistan has progressed strongly over the last decade because it has reached an economy of scale where many producers now have a few hundred or even thousands of dairy cows. The reality is similar with the beef sector in that small scale producers with 5-6 animals do not have the economy of scale to run a profitable cattle fattening enterprise. However, if fattening farms are established in Pakistan, small holder producers will benefit immensely because there will be an established market for their product and a value addition will occur that will essentially double the output of meat.
It is suggested that two farms be targeted to become model Seedstock and cattle fattening enterprises using using both purebred and crossbreed animals. Both farms should be properly supported by technical experts over the duration of the project and the owners and delegation of

local industry consultants should be given the opportunity to travel to a developed country to learn about cattle fattening and silage making.

It is further suggested that the first farm should become a nucleus farm for the dual purpose Simmental breed. After the Holstein the Simmental is the second largest breed in the world and is specifically bred for increased milk production and weight gain. The Fleckvieh type of Simmental is specifically bred for production under extensive production environments in the USA, Brazil, Africa and Australia. The production of the Simmental breed should be benchmarked against the local breeds in a similar environment in Pakistan and the inputs/costs and weight gains in the fattening facilities compared to one another.

On the second farm the meat breeds of Angus and Brangus should be compared to the local breeds. Once again a nucleus facility should be developed. Both farms should have training facilities. According to Pakistani scientists it should be possible to grow silage twice a year (or even three times) on the same piece of land. If this were demonstrated it could revolutionize the whole agricultural industry in Pakistan.

A separate recommendation that should form part of a separate report is that Pakistan needs to preserve the genetic base of its main breeds i.e. the Cholistani and Sahiwal. The value chain reports (CNFA Value Chain of Dairy and CNFA Meat Value Chain) has suggested that a herd book and genetic evaluation program be supported in Pakistan.

7 BREEDING PROGRAM DESIGN

The breeding program should have three components, a seedstock component, a crossbreeding component and a cattle fattening component.

A Seedstock enterprise can follow different routes to establish itself and each will have its advantages and disadvantages:

- The first route that can be followed is to import live animals. This allows the herd to be established immediately. Shipping animals can however be difficult and costly.

- The second route is to use embryos and transplant these into surrogate cows. Embryo transfer can be a successful if experienced reproductive technologists or veterinary officers are used.

- The third route would be to upgrade an existing herd by using AI over at least four generations. In my visit to Lahore Dr's Muhammed Frooq and Malik Ali gave examples of embryo programs that have been successfully implemented in Pakistan.

Given that the ASF project only has a lifespan left of four years, it is not an option to upgrade an existing herd and the importation of live animals is logistically challenging. It would be easiest to establish a Seedstock herd using an embryo program. In the business plan below the budget is to establish a nucleus herd of 50 female animals. As mentioned previously, two farms should be identified, each with a nucleus herd of 50 cattle. It is thus recommended that on the first farm the dual purpose Simmental cattle are used. On the second farm it is recommended that an Angus and Brangus herd of 25 animals each be established. At the same time a crossbreeding program should be run to validate the performance of the crossbred progeny and to compare it to the purebreds.

Establishing the facilities: ASF will need to put out an expression of interest proposal to prospective clients of which two will be chosen. The clients expressing interest will need to meet the following requirements:

- Have an existing farm that is at least 7-10 hectares in size
- Have some experience in cattle fattening
- Show an interest in developing a seedstock enterprise, AI program and possibly expand their current cattle fattening facility.
- Have experience in working with ASF on a prospective financial plan.
- Be prepared to make the results from the project public.
- Have the required potential in term of irrigation and soil to produce high yielding crops.
- Be prepared to travel internationally to learn how a cattle fattening facility is run and how the required feed for the program is grown.
- Have a very basic training facility on the farm to educate the broader community
- Be prepared to engage with the local community to market the value of good genetic material.

Once at least five clients have been identified, an audit should be done on their properties and the final two chosen.

Seedstock herd:

The Graphic below (Fig 3) and Appendix A gives an outline and timeline respectively of the components of the program. In the first component the Seedstock enterprise is established by implanting purebred embryos, obtained from an AI-Embryo company, into 70 cows in two cycles following each other. i.e. cows that are not pregnant in the first cycle will again be impregnated.
There is an opportunity to used sexed semen and create a complete female herd but the program would probably be best served if the performance of at least 10 of the resulting male progeny are tested in the cattle fattening facility and directly compared with the crossbred animals. This will visually illustrate the performance and costs of the different cattle types to the local community.
In the second year (2014) the heifer calves resulting from the embryo program should again be Artificially Inseminated (AI) with purebred bulls to grow the herd. The long term intention of the Seedstock producers should ultimately be to have a herd of at least 100 purebred cattle.

AI and crossbred program:

In conjunction with an embryo program an AI program will allow the performance of crossbred progeny to be evaluated. The industry will ultimately need to move from its current state to an industry where the peak producers are seedstock producers (a mix of indigenous and European/British breeds) and then producers whom multiply the genetics. At the moment the smallholder producers do not understand the monetary value that genetics and genetic improvement brings to the industry.
For the AI and crossbred program a 100 cows of average genetic merit will need to be purchased. These cows should then be Artificially Inseminated (AI) with purebred bulls. The resulting progeny will be put into the cattle fattening facility and their performance and the costs related to feeding them directly compared to the purebred cattle. This would be a very good illustration to the industry of the value of genetic improvement in the herds.

Cattle fattening phase

Animals will only enter the cattle fattening phase nearly two years after the implementation of the program. It is a truism that animal breeding and improvement is a long term project. However after two years the industry will start to see the results of the program and be able to objectively compare local breeds, cross bred cattle and the performance of the purebreds.

It is very important for the program that the feeding regimen is properly assessed and formulated. In my discussions with industry role players it was clear that the Punjab province has the required rainfall and soils to produce high yielding crops such as corn silage. Mr Hamid Jalil (Ex CEO of PAMCO) is of the opinion that silage making should form the basis of the livestock production in Pakistan. He mentions that in his opinion two or possibly at least three crops of silage per annum could be harvested. This would revolutionize the industry.

Whilst the Seedstock enterprise is being developed animals can continue to be purchased from local suppliers to enter the cattle fattening facility from the first year and to run the cattle fattening facility as a viable business. The cattle fattening facility should have at least three intakes of animals per annum for the first two years. The size of the intake will depend on the viability. For this report we have assumed a facility of 120 animals.

Figure 3 Graphic Illustration of the Breeding program including target dates.

	Comments	Start and end Dates
1) Facilities and feed		
AUDIT REQUIRED ON CURRENT FACILITIES		1 JULY 13 - 15 JULY 13
CONTRACT FACILITIES		1 AUGUST 13 - 15 AUGUST 13
PLANT 5 HA OF MAIZE SILAGE		1 AUGUST 13 - 15 AUGUST 13
2) Embryo program		
PURCHASE 70 DONOR COWS	ASSUME 50 CALVES FROM 70 COWS IN TWO CYCLES	1 AUGUST 13 - 15 AUGUST 13
SYNCHORNIZATION OF DONOR COWS	FIRST CYCLE	01-SEP-13
	SECOND CYCLE FOR OPEN COWS	01-OCT-13
IMPLANT EMBRYOS		01 OCTOBER 13-31 NOVEMBER 13
CALVES GIVE BIRTH	EXPECT 25 MALES + 25 FEMALES	1 JULY 14 - 31 OCTOBER 14
CALVES WEANED (1ST WEANING)		1 JANUARY 15 - 30 APRIL 15
10 SURPLUS BULLS ENTER CATTLE FATTENING	REST OF BULLS GROWN OUT TO BE SEEDSTOCK AND AI SIRES	
15 YEARLING BULLS AND FEMALES MATED TO EITHER PUREBREDS OR CROSSBREDS	(YEARLING BULLS CAN BE MATED TO 20 COWS)	01-SEP-15
3) AI Program (runs in conjuction with embryo program)		
PURCHASE COWS 100	100 COWS OF AVERAGE PERFORMANCE	01-AUG-13
SYNCRONIZATION OF COWS		01-SEP-13
INSEMINATION	ASSUME 50% AI SUCCESS	01-OCT-13
CALVES GIVE BIRTH	EXPECT 40 MALE + 40 FEMALE PROGENY	01-JUL-14
CALVES WEANED (1ST WEANING)		01-JAN-15
CROSSBRED BULLS AND SOME COWS ENTER CATTLE FATTENING		01-JAN-15
MATE YEARLING EMBRYO BULLS ON BEST 70 COWS AND 30 HEIFERS		01-SEP-15
CREATE AI BULLS FROM EMBRYOS		01-SEP-15
INSEMINATION (2ND ROUND)		01-OCT-14
4) Cattle fattening Phase		
100 ANIMALS ENTER CATTLE FATTENING FACILITY	10 SIMMENTRL BULLS, 40 CROSSBRED BULLS, 60 COWS	01-JAN-15

Rations/diet

What was clear from the visits to Pakistan is that most of the cattle fattening farms purchase their corn in bales at twice the price compared to those producers whom grow it themselves (Fig1)

Fig 1 Bales of silage are often purchased in bales

Given that feed makes up nearly 70-80percent of the costs of a cattle fattening farm it is clear that a fattening farm in Pakistan should be in a position to produce its own feed for it to be financially viable. The cost per kilo produced is estimated to be Rs 4.5 per kilogram if grown on the farm and Rs 8.5 per kilogram if purchased from the open market.

Cattle fattening rations will depend on the availability of feedstuff and this can include amongst others wheat straw, sorghum, Alfalfa or Clover. A cattle ration will differ for cows, calves and animals in the fattening phase. An example of a fattening ration is given below (Table 5 and 6) given the following assumptions http://www.omafra.gov.on.ca/english/livestock/beef/facts/06-017.htm (this website provides a good overview of different diets at different phases).

- ADG of approximately 1kg per day
- Average starting weight of 225kg's and an end weight of 410 kg's
- 200 days of feed.

Table 5. Example of a background diets for calves

	Kg/per day
Dry Hay -15% protein	2.5
Corn Silage	8.5
Corn Screenings	2.5
Supplement	0.5
Premix	0.03

Table 6. Example of a diets for bulls in feedlot

	Kg/per day
Dry Hay -15% protein	.5
Corn Silage	7.5
Corn Screenings	4.0
Supplement	0.2
Premix	.03

Providing bulls to smallholder producers/villages

By the end of the first cycle (two years) a number of bulls will be made available for the market. In the second round these bulls will be made available to the smallholder producers, once it has been demonstrated that a cross-breeding enterprise adds value and the value of using the purebred animals is appreciated.

Both these herds will require a significant amount of training, and be used as training facilities for the broader community. They will also be encouraged to become part of the PAMCO, a semi government organization that has been tasked by government to run a "save the calf" scheme and cattle fattening program. At the same time they will be encouraged to be part of an international breed registry program producing bulls that are certified as Registered Pure Bred cattle.

8 BUSINESS PLAN

An audit on the prospective Seedstock and cattle fattening farms will reveal the extent of the equipment required. Included in this business plan budget are the costs of a feedmill, seed, chemicals, fertilizer and sale of animals from the fattening farm and the sale of Seedstock bulls.
Because the infrastructure of the two farms are unknown it is impossible to provide a complete cash flow and statement of the financial position that shows the current assets and liabilities. It is however possible to give an indication of the projected income and expenses over a five year period that includes an indicative projection of the bulls sold into the market as well as the animals from the fattening facility. This income and expense statement is provided in Annexure's E. Annexure B provides the costs associated with planting 5 hectares of Silage. Annexure C provides the indicative costs of the Embryo's and feedmill and Annexure D provides a rough calculation of the hectare's of maize required. Annexure F gives the value of the animals sold. Annexure G gives the value of the depreciation on the feedmill.

The costs of Sales in Annexure E has been calculated using an example of the costs in a typical feedlot. Such an example can also be found on the following webpage http://ohioline.osu.edu/as-fact/pdf/0015_1.pdf

As was mentioned previously in this report it is highly recommended that the two candidates chosen to start the Seedstock farm and fattening facility be exposed and learn from farms that already run successful Seedstock units. Such farms can be found in a multitude of countries including the USA, Europe, Australasia or Southern Africa. Included in such a visit should be some of the advisors/scientist's or veterinarians who will be involved in the project. Below is a budget for a visit of 10 people (Table 8).

Table 8: Budget for visit to Seedstock farm and cattle fattening facility

	Number of people	Target per person	USAid share	Total cost	Total cost USAid	Grant Mechanism
Send a delegation to visit Seedstock and cattle fattening facilities.	10	$5 000	$2 500	$50 000	$25 000	Research and Development Support program

Table 9 provides the budget for the development of a Seedstock herd using Embryo's and the purchase of a feed mill, and cattle for the embryo and crossbreeding program.

	Number of farms	Target per farm	USAid share	Total cost	Total cost USAid	Grant Mechanism
Variable costs to establish 5 ha of maize	2	$6000	$3 000	$12 000	$6 000	Challenge grant program
Embrio program	2	$76 000	$38000	$152 000	$76 000	Challenge grant program
Feedmill	2	$7 000	$3500	$14000	$7000	Challenge grant program
Purchase cattle for Embryo and Crossbreeding	2	$60 000	$30 000	$120 000	$60 000	Challenge grant program

9 REFERENCES AND APPENDIX

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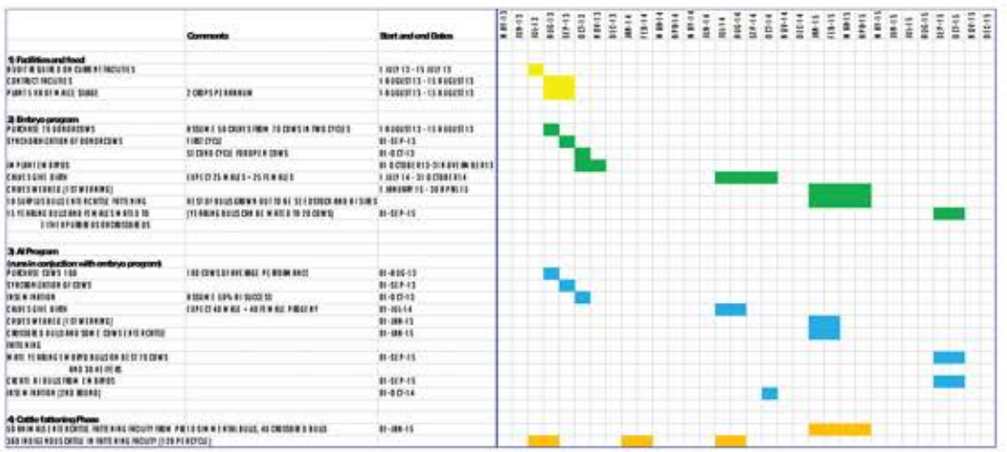
http://www.fao.org/docrep/004/T0117E/T0117E00.htm#TOC FAO Training manual for embryo transfer in cattle.

ANNEXURE A



ANNEXURE B

Silage				
	HACTARES			
Variable costs		S ITEM	UNIT COST/HA (RS)	TOT
		SEED (PER BAG)	15 600.00	
		FERTILIZER N	25 298.00	
		FERTILIZER P	5 917.60	
		FERTILIZER K	3 380.00	
		MICRO-ELEMENTS MANCOZIN	985.40	
		MICRO-ELEMENTS BOOR	328.25	
		MICRO-ELEMENTS ZINK CHELATE	845.00	
		MICRO-ELEMENTS BMX	495.69	
		DIESEL (SOIL PREPERATION, PLANTING)	4 500.00	
		DIESEL (LOCAL VEHICLE TRANSPORT)	7 000.00	
		WEED CONTROL GAUSTO	2 903.94	
		WEED CONTROL M ETAGAN GOLD	951.60	
		INSECTICIDE ENDOSUFAN	510.90	
		HARVEST COSTS	5 850.00	
		TRANSPORT	6 240.00	
		IRRIGATION COSTS	4 799.60	
		ELECTRICITY	6 370.00	
		MECHANIZATION	1 469.00	
		IRRIGATION MAINTANANCE	2 255.50	
		LABOUR	20 000.00	
			115700.48	

ANNEXURE C

Embryo's

	Number	Comments		
Embryos	130	Implanted into 50 cows		6 500 000.00
Synchronization and AI cost	130	per cow/round	1 500.00	195 000.00
Insemination Equipment		AI tank and equipment		600 000.00
Registry of pure bred cattle	50	Certified	70.00	3 500.00
AI for second round	150	per cow/round (includes semen)	2 000.00	300 000.00
				7 598 500.00
Feedmill		FOR TMR wagon for silage		500 000.00
Scale		Complete		200 000.00
				700 000.00
Cows	150		40 000.00	**6 000 000.00**

ANNEXURE D

Silage required	Per day			P/Ha	
		KG's per			
Cattle	KG	Animal	Total for animals	KG's	
170	4.5	1642.5	279225	45000	6.205
100	7.5	1500	150000	45000	3.333333

ANNEXURE E

ASSUMPTIONS

1) Assumes that the farm has its own tractor, plough and planter
2)120 cattle brought on open market weight 100KG's feed to 250 KG
3) In year 3 animals from crossbreed and seedstock program enter fattening facility
4) Assuming a 10% inflation

PROJECTED INCOME/EXPENSE STATEMENT

Total Sales Revenue	3420000	3762000	9326438	10259082	11284990
CATTLE SOLD					
360 cattle from fattening farm at 250kg's	3420000	3762000	4138200	4552020	5007222
Sales of 12 Seedstock bulls pa	0	0	4356000	4791600	5270760
Sales of cattle from crossbreed program	0	0	832238	915462	1007008
Total	3420000	3762000	9326438	10259082	11284990
COSTS OF GOODS SOLD					
Direct Cost of Sales	2200000	2257200	5595863	6155449	6770994
Gross Profit	1220000	1504800	3730575	4103633	4513996
Gross Margin %	36	40	40	40	40
OPERATING EXPENSES					
Seed (Per Bag)	78000	85800	94380	103818	114200
Fertilizer	172978	190276	209303	230	252257
Micro Elements	13272	14599	16059	17665	19431
Fuel	57500	63250	69575	76533	84186
Weed control Galisto	19278	21205	23326	25659	28224
Insecticide Endosufan	2555	2810	3091	3400	3740
Harvest cost	29250	32175	35393	38932	42825
Transport	31200	34320	37752	41527	45680
Irrigation Costs	23998	26398	29038	31941	35135
Electricity	31850	35035	38539	42392	46632
Mechanization	7345	8080	8887	9776	10754
Irrigation Maintenance	11278	12405	13646	15010	16511
Labour	100000	110000	121000	133100	146410
Pre-Mix	120000	132000	145200	159720	175692
Total	264250	290675	319742	351716	386888
Operating Profit	955750	1214125	3410 833	3751916	4127108
Non- Operating Expense					
Depreciation (Equipment)	45500	42543	39777	37192	34774
Total	45500	42543	39777	37192	34774
Profit Before Tax	910250	1171583	3371056	3751725	4092334
Tax	318588	410054	1179870	1300154	1432317
Profit After Tax	591663	761529	2191186	2414571	2660017
Net Margin %	17	20	23	24	24

ANNEXURE F

		Animal weight	Rs/kilo	Total per animal	Per 100 Animals
Buying price	360	100	11	1100	396000
Selling price	360	250	38	9500	3420000
Seedstock cattle	10	410	38	15580	155800
Crossbred cattle bulls	40	350	38	13300	532000
					687800

ANNXURE G

DEPRECIATION INFORMATION			
Iem Name	:	Vehicle	
Category	:	Cehicle	
Cost	:	700 000.00	PRs
Salvage	:	500 000.00	PRs
Life	:	5 Years	
Method	0	Straight Line Depreciation	
	0	Sum of years Digit Depriciation	
	0	Declining Blance	

DEPRECIATION CALCULATOR			
End of Year	Debet	Total	Book Value
0	_	_	700000.00
1	45500.00	45500.00	654500.00
2	42542.50	88042.50	611957.50
3	39777.24	127819.74	572180.26
4	37191.72	165011.45	534988.55
5	34774.26	199785.71	500214.29

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