



Partner
Stories

Dairy

Partner perspectives

A beneficial cowoperation

PRISMA is partnering with animal feed company, Nufeed, to expand the use of quality animal feed into new areas. As a result of the partnership, Nufeed has expanded from a pilot area of 4 districts in Central Java to 50 districts in Central, East, and West Java. Total sales for Nufeed almost doubled during the partnership period.

Average milk production has increased from 9 to 13 litres per cow per day (a 30% increase) and the incremental income increase for farmers using Nufeed is from IDR 3.3m per month to IDR 5.7m.



Kementerian PPN/
Bappenas



Australian Government



Totok Setyanto, Nufeed CEO, Central Java

Totok Setyanto established Nufeed, a livestock feed company, in 2019 on the site of a closed Cargill feed factory in Central Java. Totok aimed to develop high-quality feed for ruminants, including dairy cattle.

Totok noted that the non-commercial concentrate feed produced by East and Central Java dairy cooperatives did not lift milk production from the national average of 8-9 litres per day. Totok says he knew he could not compete with dairy cooperatives on price. So, with the help of PRISMA in 2020, Nufeed developed a range of high-quality feed products. These feed products follow a cow's nutritional needs from calf to post-lactation.



"What we didn't know how to do was to get farmers to ignore the price and focus on the feed quality," says Totok. PRISMA convinced Nufeed to co-invest in market research and build a marketing and promotion strategy based on the results.

"We discovered that only 31 percent of dairy farmers want to learn from written or online material, and 69 percent of farmers follow what other farmers do," explains Totok. Nufeed gathered information on whom the dairy farmers trusted in which areas and used this to develop an appropriate agent network.

Nufeed achieved good sales traction in Central Java and soon expanded to East Java and Yogyakarta, and increased sales in West Java. "We find that farmers using our feed for the first 100 days can

increase production by 5 litres a day during peak lactating periods. This equates to an increase of 1,000 litres over the cow's life cycle," says Totok. This significantly increases smallholders' income.



Most of our agents said that farmers were requesting more of our feed because cows fed with Nufeed had high recovery rates from FMD.

COVID-19 and the outbreak of FMD impacted Nufeed's business, but Totok is not concerned. "For me, it is not about selling today," says Totok, "It is about building the feed industry and changing the behaviour of farmers to improve long-term productivity." In fact, Nufeed's sales recovered quickly. While other feed producers' feed sales reduced by up to 40 percent, Nufeed's sales increased by 46

percent. "Most of our agents said that farmers were requesting more of our feed because cows fed with Nufeed had high recovery rates from FMD," says Totok.

Totok estimates it will take 3 years for the dairy population to recover following FMD. "The important thing now is to ensure that farmers trying to rebuild get nutritional information from people they trust," he states.

One such person is Nufeed agent, Suwarno, a dairy farmer, kiosk owner, and milk off-taker for a local dairy cooperative in Getasan, Sengon village, Central Java. Suwarno is what is known as a 'first mover'.

He invested in the dairy industry during COVID-19, switching from beef cattle because the price of beef dropped, but the milk price did not. Suwarno understood the importance of nutrition for milk production and so contacted Nufeed. He started his newly bought 7-month cows

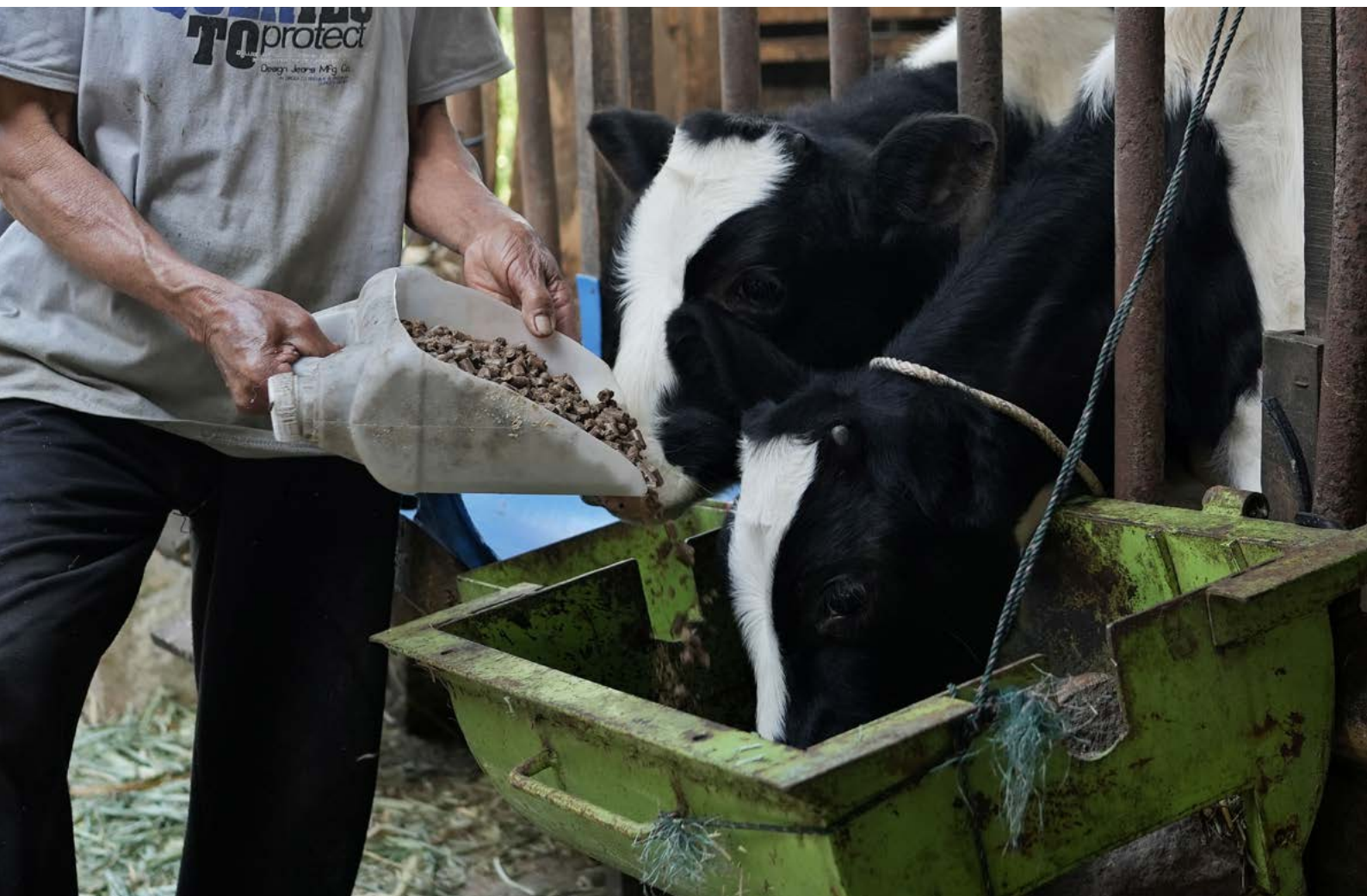
on Nufeed concentrate. By the time they produced calves, Suwarno was achieving 28 litres of milk per day, compared to his neighbours' 8 litres.

Suwarno expanded his business to include off-taking. He contracted some dairy farmers and started them on Nufeed concentrate. His milk achieved an 'A' grade from the milk cooperative, which increased the price for all his farmers. Soon Suwarno started to stock Nufeed products for other farmers and became an official Nufeed agent. "I now sell 16 tonnes of Nufeed products a month in the village," says Totok.

Suwarno's feed sales reduced to 3 tonnes a month during the FMD outbreak. He says farmers are struggling to invest

in concentrate feed. "All my cows got FMD," says Suwarno, "but they all recovered within 24 hours." Suwarno puts this down to their excellent condition due to using good quality feed. "While my cow's milk productivity has reduced, it is still 100 percent more than farmers who do not use concentrate feed," says Suwarno.

While the FMD outbreak has tempered Totok and Suwarno's individual plans for business expansion, both are confident about the ability of the industry to bounce back. Totok is looking at a training facility for lead farmers, while Suwarno is looking into breeding to help re-stock dairy herds in his district.



Dairy sector summary

Sector	: Dairy
Location	: East and Central Java
Strategic aim	: Increasing milk quality and productivity of small scale dairy farmers by adopting good practices in rearing, feeding and health management in East Java and Central Java to reduce poverty and increase food security.

Indonesia has experienced a large milk deficit for many years. Domestic milk production only meets about 20 percent of demand, with significant supply coming from imports. East and Central Java account for almost 67 percent of the local supply, with 115,000 small dairy producers. Nevertheless, milk productivity and quality are suboptimal.




Constraints


The suboptimal performance in the dairy sector in East and Central Java is due to a lack of access to good-quality feed, pharmaceuticals, and veterinary services, as well as suitable dairy breeds for the tropical climate. In addition, farmers have poor knowledge of good dairy farming practices.

Vision

- PRISMA is addressing the market constraints by improving management and business practices at the farm level for feed, animal health, and enabling access to good dairy breeds through policy engagement.
- In addition, PRISMA is working with dairy processing Industries (DPI) to improve milk handling at collection points and expanding distribution networks, so farmers have better access to the DPI.

Impact

 **6,518**
households have benefited

 **122.8 billion**
in income increases

 **10.1**
investment leverage

About PRISMA

PRISMA is a partnership between the Government of Indonesia and the Government of Australia to increase the productivity and income of smallholder farmers. Increased productivity contributes to food security and builds farmer resilience to market and agricultural shocks, including climate change.

PRISMA is supported by the Governments of Australia and Indonesia and implemented by Palladium, with Technical Assistance from Swisscontact, Zurich.

Find out more:

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