



USAID
FROM THE AMERICAN PEOPLE

REPORT ON THE SWINE INTERNATIONAL TECHNICAL AND GOVERNANCE EXPOSURE TRIP TO THE PHILIPPINES, APRIL 20-24, 2009

JUNE 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by (insert name of the author) for the Cambodia MSME project implemented by DAI.

CAMBODIA MSME 2/BEE PROJECT

REPORT SWINE EXPOSURE TRIP TO THE PHILIPPINES, APRIL 20-24, 2009

TASK ORDER NO. 04

Program Title: Strengthening Micro, Small and Medium Enterprises in Cambodia

Sponsoring USAID Office: USAID/Cambodia

Contract Number: EEM-I-00-07-00009-00/04

Contractor: DAI

Date of Publication: June 2009

Author: Cambodia MSME Project Team

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Introduction

The U.S. Agency for International Development is supporting the Cambodia MSME Project to bolster economic growth in some of Cambodia's poorest provinces. The twelve target provinces are: Kratie, Kampong Cham, Kandal, Kampong Speu, Svay Rieng, Prey Veng, Takeo, Kompot, Kampong Thom, Siem Reap, Battambang and Pursat. These provinces are predominantly rural, and agriculture and related activities lie at the core of provincial economic life.

To achieve maximum impact within the four-year project time frame, Cambodia MSME has chosen to focus on a limited number of value chains, offering the highest potential for economic growth, revenue generation, job creation and increased opportunities for women and other underserved groups.

From 2009—2012, the project will focus on five value chains – aquaculture, swine, brick and clay tile, water and biodiversity – and will work to facilitate services, inputs and other areas of support needed to address key constraints and opportunities in these sectors. Cambodia MSME employs a value chain approach to identify sustainable private sector solutions to the problems faced by entrepreneurs.

Rationale

The swine value chain consists of feed and medicine input suppliers, veterinarians, sow raisers, fattening pig raisers, technicians, traders, transporters, processors and retailers. Members of the value chain work together to provide local consumers with quality products.

Cambodia's swine value chain is characterized by high rates of swine mortality, which is caused by insufficient technical knowledge and poor-quality feed, medicine, and vaccines. Cambodian swine producers currently meet only 50 percent of market demand; the remainder is imported from Vietnam and Thailand.

Experience demonstrates that most Cambodian value chains, with which we engage, are operating sub-optimally due to a dearth of existing relationships between value chain participants. Moreover, there are few mechanisms to define and improve these relationships in a meaningful way. For example, producers have few options for marketing their products and are usually ill-informed of the available methods to sell them more competitively. Input suppliers generally are not taking a market development approach, which includes business outreach to increase the number of customers and better meet their requirements. Although the promotion of relationships between value chain participants appears simple, in post-conflict Cambodia, one observes considerable fragmentation in value chains and considerable apprehension about making initial contacts with other persons. Experience also shows that once this initial apprehension is overcome, business and personal relationships strengthen quickly and business transactions follow shortly thereafter.

Experience with Cambodian MSMEs who have participated in cross-national exposure trips during the past years demonstrate that trust and conversation barriers quickly dissolve once participants have a common objective, such as learning a new skill, observing a new process, or discussing a common problem.

Objective

The overall objectives of this international exposure trip were:

- To encourage increased business transactions, investment and contractual relationships between value chain actors in Cambodia and the Philippines;
- To share industry best practices through the observation of improved production practices, including slaughterhouse and food processing technology;
- To improve the understanding of cooperatives and business associations and how to build capacity and operate in a sustainable manner;
- To help clients identify competitive weaknesses - their own and of others – by determining how to improve their products, increase sales, and better market their products;
- To increase the understanding of how government services support small and medium agro-enterprises, especially those in the swine industry;
- To develop lasting business relationships and contacts between similar entrepreneurs, both in their own working groups and in other provinces and other countries;
- To share what they have observed with each other during and after the mission.



Figure 1: Interacting with vendors at the National Hog Convention and Trade Exhibits in Manila



Figure 2: Participants in front of the Livestock Development Council

Participants

Name	Sex	Position in Value Chain	MSME/Province
Project Staff			
Chet Phirum	M	Senior Value Chain Coordinator	MSME
Preap Prathna	M	Value Chain Coordinator	MSME
Lem Pho Suthavaridh	M	Value Chain Coordinator	MSME
Government Officers			
Sau Vitho	M	Chief of Provincial Animal Health Office	Kampot
Tep Vichetmony	M	Chief of Provincial Animal Health Office	Kampong Speu
Thai Ly	M	Chief of Provincial Animal Health Office	Takeo
Chhour Kimthy	M	Chief of Provincial Animal Health Office	Kampong Thom
Kong Reatrey	M	Chief of Provincial Animal Health Office	Pursat
Prum Vich	M	Chief of Provincial Animal Health Office	Siem Reap
Sem Souphea	F	Provincial Animal Health Officer	Battambang
Heng Binyik	M	Director of Provincial Agriculture Department	Kampong Cham
Sar Chetra	M	Chief of the Animal Production Office , Department of Animal Health and Production	Phnom Penh
Sinn Por	M	Official at the Animal Production Office	Phnom Penh
Village Animal Health Worker			
Sy Tong	M	Village livestock Agent	Kampot
Trader / Slaughterhouse Operator			
Ly Chang	M	Trader/local input supplier	Kratie
Sin Sothea	M	Slaughterhouse	Phnom Penh

Mei Yoeurn	M	Slaughterhouse	Phnom Penh
Input Supply Company			
Tray Bunlay	M	BKP, Input supply company	Phnom Penh
Input Supplier			
Chhay Chandara	M	Input supplier	Pursat
Association Member			
Ly Dara	M	Deputy Chief of Sandan CWG	Kratie
Swine Producers			
Bun Kimkhun	M	Swine producer	Kampot
Kun Ang	M	Swine producer	Kampot
IV Chankdep	M	Swine producer	Kampong Speu
Bou Kokhour	M	Swine producer	Siem Reap
Chim Choeurn	M	Swine producer	Prey Veng

Detailed Trip Summary

The trip was coordinated by Ma. Angeles O. Catelo, Anna Floresca F. Abrina, and Carlos Juan Paolo L. Vega of the University of the Philippines, Los Baños.

April 20/Day 1 Visit to Local Wet Market, Meat Shop, and the Philippine Council for Agriculture, Forestry, and Natural Resources Research and Development (PCARRD)

A simple kit was distributed to each of the participants, consisting of: the study tour itinerary, laminated IDs, plastic envelopes, a small notebook, and pens. Brief introductions were made and then the tour formally started at about 9 am.

The first stop was the Sta. Rosa Wet Market, about 25 km north of Los Baños. The group witnessed various pork cuts (and pig heads) that were hanging from the stalls of the local meat vendors. There were also *longganisa* (freshly made, unpacked pork sausages) and *tocino* (pork slices cured in sugar, salt, and pepper) made by small meat processors, as well as packaged and processed meat (hotdogs, pork sausages, sliced hams) from medium and large-scale processors of the pork industry. The meat stall vendors were cooperative enough to engage in vibrant discussions with the participants, not withholding information on mark-ups and the sources of the meat supply. The Cambodian participants were amazed at the rather organized, clean, and well ventilated wet market. The wet market was only established in November 2008 and is located in a relatively posh urban center.

The next stop was at a Monterey meat shop (famous integrator in the swine industry) that sells different frozen and fresh-chilled cuts and preparations of pork. Some cuts are ready-to-cook, particularly catering to working women who have less time to prepare family meals. The owner unselfishly shared information on the requirements for franchising and other business-related matters. She also entertained the numerous questions posed by the Cambodian group. The price differences for similar pork cuts sold at the local wet market and in this meat shop are notable, ranging from about Php5 to Php10 per kilo.

In the afternoon, the group was taken to the Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD). Ms. Tess Ramil, of the Livestock Division, presented the mission and vision of PCARRD in relation to Livestock Sector Development. She also introduced the group to the website of PCARRD where there is an online message board, which acts as the information extension service of the agency. Some of the information that can be found on the organization's message board includes: technical support, live weight and pork prices, and production and marketing information in different areas of scope. People can exchange their views, queries and technical expertise via this medium. Brochures on the latest swine production performance indicators were given out and some participants also received soft copies of the presentation.

PCARRD also has a foundation, PARRFI, which publishes and sells reference materials on a wide spectrum of agriculture-related technical information. 'The Philippines Recommends' series is a collection of booklets, each written by a board of consultants and experts that usually come from the University of the Philippines, Los Baños. Topics in the series that are related to swine production and management include livestock feed formulation, swine production and housing facilities, meat processing, and swine waste management. The participants were quite interested on these materials and bought several publications of their choice. The booklets were sold at relatively cheap prices ranging from only \$2.50 to \$4.00.

April 21/Day 2 Meeting with the National Meat Inspection Service (NMIS), Bureau of Animal Industry (BAI), the Livestock Development Council (LDC) and Private Sector Representative of the Swine Industry; visit to the UNAHC0

We started the day at 7:15 am since our first destination was in Quezon City, about 75 kms from Los Baños and our appointment time was at 9 am.

Dr. Minda Manantan, Deputy Director of the National Meat Inspection Service (NMIS) of the Philippines arranged for four joint presentations made by representatives from three government agencies and one private sector representative. This group was invited to give overviews on how the government and the private sector support the swine industry.

We were hosted at the NMIS Conference Hall and a number of representatives were invited to give overviews on how the government and the private sector support the swine industry; this list included: Dr. Rubina Cresencio, Chief of the Livestock Development Division of the Bureau of Animal Industry (BAI), Mr. Felipe Reolalas of the Monitoring Division of the Livestock Development Council, Dr. Haidee Escueta of the NMIS and Mr. Mauro Maleon, a large commercial pig farm owner and director of the Swine Commercial Swine Production and Performance Project.

Mr. Felipe Reolalas of the Livestock Development Council gave an overview of the Philippine swine industry and performance indicators for 2007—2008. He also spoke about the organizational structure of various government agencies and how they are working together to ensure support and assistance for the swine industry.

Dr. Haidee Escueta oriented the group with NMIS standards for meat inspection and classification, as well as standards for slaughterhouses and waste management. The NMIS works with the Dept. of Environment and Natural Resources toward this end. She also discussed the national system of inspection, particularly the new provision for Meat Cutting Plants (MCP), and the monitoring of veterinary drug residue. She also touched upon the precautionary measures being undertaken, by the government, regarding the Ebola-Reston virus that was reported to have hit pigs in some commercial farms in Luzon.

Dr. Rubina Cresencio discussed the organizational structure of the BAI and its current activities, such as the Good Animal Husbandry Practices which are being disseminated to hog producers – particularly to backyard raisers. She also talked about the National Advisory Committee on Animal Disease Control Emergency and the Price and Volume Watch activities of the BAI. Furthermore, she elaborated on other groundwork activities and programs, of the BAI, that will prepare the country for global competitiveness, such as: the duty-free importation of agricultural inputs, genetic improvement programs, commercializing backyard farms, breeder farm accreditation, market information services, meat laboratory and animal diagnostic labs, a system for industry/stakeholder dialogue, and the monitoring and testing of semen to be used for artificial insemination activities on farms. She lamented that because of the unfortunate alleged incident of the Ebola-Reston virus, the Philippines had to withdraw prior arrangements of exporting pork to Singapore and other countries. Government certifies to farm owners whose have good practices in farm management including waste management.

Mr. Maleon, from the private sector, talked about the Revised Hog Master Plan and the National Hog Action Team a joint undertaking of the government and the private sector that is tasked to set the stage for path breaking activities for the hog sector between 2002 and 2012. The Hog Master Plan is essentially a private sector-led initiative.

The Hog Master Plan for 2002—2012 involves three major activities to stabilize prices: enhancing production by focusing on disease control, monitoring activities of village traders to cut out middlemen costs and enable producers to earn more profits, and policy advocacy/legislation to ensure a vibrant swine industry. He also talked about how the private sector initiated moves to combat pork smuggling through vigilant lobbying and placing pressures on the government, particularly the Dept. of Finance, Bureau of Customs and the Dept. of Agriculture. This pressure would be placed in order to motivate certain government actions, such as the placement of quarantine officers at strategic ports, as well as demanding shipping companies to give copies of inward cargo manifestoes to the Dept. of Agriculture. These measures will ease the process of detection for smuggled pork shipments.

In the afternoon, the group moved to the Univet Nutrition and Animal Health Care Company (UNAHCO) in Mandaluyong, Metro Manila.

A newly produced video presentation of UNAHCO's mission and vision was shown by Dr. Jayden and, thereafter, he presented other videos and spoke about good animal nutrition, feed

rationing, vaccination and animal health care. Also featured were benchmarking characteristics for animal production performance, to give the participants some guide or reference by which to evaluate the performance of their own animals. Videos of basic swine production and reproduction, feeding and feeding techniques for both sows and litter, cutting of weanling teeth and tails and waste management were also presented.

The participants went on a quick tour of how UNAHCO produces and packages soluble vitamins and veterinary medicines for pigs. The raw materials used were also shown and the Cambodian participants asked questions on general formulations for these veterinary drugs.

Some participants (particularly the input suppliers) were also interested in the prospect of future business collaborations with UNAHCO.

At the end of the tour, refreshments were distributed and UNAHCO's General Manager, Mr. Ric Alba, met the group and posed for photos. The participants were given free t-shirts, brochures, and sample vitamins and veterinary drugs for pigs.

April 21/Day 3 *Visit to Sorosoro Ibaba Development Cooperative (SIDC) and the International Training Center on Pig Husbandry (ITCPH)*

At 7:30 am the group headed for Batangas City, about 85 km north of Los Baños, and in the province where the Sorosoro Ibaba Development Cooperative (SIDC) is located. SIDC is the recipient of several national awards, particularly the 'Most Successful Cooperative Award,' for a number of consecutive years. It is a vertical integrator in the swine industry and involves smallholder pig producers. SIDC operates the public slaughterhouse in Batangas City, mills its own feed and runs an artificial insemination program, a contract-growing business, a communal pig farm, and a small meat processing plant. Its mini-mart has been expanded and it now stands on a newly constructed building beside the main office. SIDC also now operates a biogas digester that can supply electricity for the entire main building.

Mr. Rico Geron, General Manager of SIDC, met us briefly before he proceeded to Manila for a meeting with the conveners of the Hog Convention, which was slated for the next day. On his behalf, Ms. Marifie Dimaano, his executive assistant, gave an audio-visual presentation to the group. SIDC's humble beginnings and amazing growth over time were featured. The organization is celebrating its 40th anniversary this year.

The group actively participated in an open forum which lasted for approximately 40 minutes. They were quite interested in how a cooperative organization has steadily enabled small pig producers to profitably participate in the growing livestock market. Lunch was then provided to all participants.

In the interest of time, a visit to the communal farm was foregone. Also, a visit could not be made to the newly installed biogas digester, due to the bio-security risks to the pig farms that were situated along the way to the digester. Ms. Dimaano accompanied the group to SIDC's Meat Processing Plant where the participants were able to see, through the viewing window, the actual process of making native sausages. These sausages, *tocino*, and other processed pork-like ham are sold at SIDC's Farmer Vic Meat Shops, mini-coop mart and through the coop members themselves.

The last stop was the SIDC feed mill, where Mr. Plata and Mr. Gonzales showed and explained the actual operations from input mixing to the packaging of various kinds of feeds, including those in pellet form. SIDC's feed mill, which operates non-stop each day over a period of three 8-hour shifts, was automated and the machines currently come from Thailand. More specifically, the mill has a capacity to produce various types of feed at a total rate of 30 tons per hour and it manufactures about 2200 feed bags per eight hour shift.

The afternoon was spent at the International Training Center on Pig Husbandry (ITCPH). This is the only training institute on pig husbandry in Asia. This institute is under the umbrella of the Department of Agriculture. Mr. Alex Castillo, the ITCPH Director, welcomed us while Mr. Ming gave the presentation on ITCPH's activities, which includes, among others: hands-on training on pig production, artificial insemination, and farm budgeting and planning. After the presentation, the participants were then asked to take a disinfection shower before visiting ITCPH's demo farm, where they were briefed on both tips and notes concerning good farming practices, raising healthy and marketable pigs and maintaining farm cleanliness to prevent the acquisition and spread of diseases.

It would be a good experience in the future for the Cambodian participants to attend either short or long training courses at the ITCPH, especially since the fees are reasonable. The lessons learned and the hands-on training – from this visit alone – were undoubtedly valuable to each participant. ITCPH caters to the needs of its clients and trainings can be tailor-made to suit the clients' demands. In the Philippines, ITCPH is the only government institution that has managed to continue operating on its own, even after foreign funding ceased.

***April 23/Day 4 18th National Hog Convention and Trade Exhibits at the World Trade Center;
Visit to Slaughterhouse***

We headed for the venue of the Hog Convention early, at 6:45 am, to avoid traffic congestion.

This was the highlight of the entire study tour because we were invited by the President of the National Federation of Hog Farmers, Inc., Mr. Albert Lim, to participate in the 18th National Hog Convention and Trade Exhibits, which were held at the World Trade Center in Manila. The presence of the Cambodian group was introduced to the public at the opening ceremonies, which were televised.

Participants met and spoke with various key actors, which included the heads of government agencies and private organizations from the Philippine swine industry. Present were secretaries, delegates and representatives from a number of organizations, which included the: Department of Agriculture, Livestock Development Council, Bureau of Animal Industry, NMIS, ITCPH, big commercial farm owners and integrators.

Foreign visitors and representatives were also present and they showcased, at their respective booths, the programs and activities of their institution or company. There were booths hosted by the USDA, FAO, WHO. Other multinational swine value chain companies (i.e., German, Spanish, England) were present, which included breeders, artificial insemination and feed organizations, pharmaceuticals, pen for sow and farrowing meat processors, producers of farm ventilating machines and feeding equipment; to name a few.

The Cambodian participants also attended various lectures, given by both international and local speakers, pertaining to swine diseases, production, and business profitability.

The National Hog Convention is a once-in-a-lifetime event for many participants. The invitation by Mr. Albert Lim – who also sponsored a buffet lunch for the entire group – was much appreciated. In addition, he provided the Cambodian participants with complimentary bags and swine industry magazines that featured an article about the Cambodia MSME project.

At 10 pm, the group visited the Muntinlupa slaughterhouse, where the participants witnessed the various steps that are undertaken to have the carcasses ready for distribution to various traders and market outlets for the next day.

Overall, the 3rd group of participants, much like the 1st and 2nd groups, acquired valuable information from the various visits. One additional positive feature was the immense interest shown by participants, especially in terms of gaining new knowledge and establishing connections for future business relationships.

April 24/Day 5 Visit to Supermarket; Closing Ceremony Dinner

A final visit to the local supermarket started off the day. Participants were quite surprised to see the various kinds of finely cut and sliced pork, both fresh and frozen, which were offered for sale. There were lean pork slices, thinly sliced sukiyaki cuts, pork chops, country-style and baby back ribs, and many additional cuts of pork. The high-tech machines used by the supermarket staff were responsible for these various cuts. A wide range of pork preparations were also available such as bacon, ham, meat loaf, luncheon meat, sausages, and hot dogs. Some cuts of imported processed pork were also available, but the majority was domestically produced. Several canned, processed pork products were also on the shelf. The participants were amazed at the cleanliness of the supermarket and the convenience and variety of choices that the supermarket provides to its customers.

At the Closing Ceremony dinner, certificates of participation were handed out for the active involvement that was shown in the 5-day study tour. Pictures, of the previous days' events, were also shown. After dinner, it was apparent that relationships had been formed and it is possible that these will lead to further business linkages in the future.



Figure 3: Participants at the International Training Center on Pig Husbandry



Figure 4: Inspecting Animal Feed at the Univet Nutrition and Animal Health Care Company

Needless to say, it was not all work for the Cambodian participants, as they were treated to a tour of a variety of interesting sights and places to visit during this brief stay. They were also able to taste a variety of Filipino and Chinese dishes.

Results

- Increased the understanding on the importance of greater levels of transparency in business transactions by government officials.
- Proposed development of an International Training Centre for Pig Husbandry (ITCPH), as well as a trade fair for the swine industry to bring together producers and industry vendors
- Developed the desire to strengthen the capacity of local government officers who will be working closely with swine producers in the future.
- Stronger relationships developed between the private and public sectors, with each committed to remain in contact with one other and share any relevant information.
- Producers are currently looking into forming Community Working Groups with the support of the public sector.
- Learned how a cooperative organization enabled small pig producers to profit in the growing livestock market.
- Interest in increased regulation of feed and veterinary medicine in Cambodia, as witnessed in the Philippines, including higher quality control standards, and ensuring all labels are written in the national language.
- Two public/private dialogues on AH1N1 disease control (one in Pursat and the other in Kampong Speu) were held in June as a direct result of a participant, a Chief of Provincial Animal Health and Production, witnessing the importance of collaboration between government officials, swine producers, and industry representatives.

Sau Vitho, Chief of the Provincial Animal Health and Production Office of the Kampot Province, stated that he would like to establish a Swine Association in his province, in coordination with the MSME project. He will help facilitate all of the legal and regulatory work involved and would be able to provide some technical assistance. As of yet, the swine producers in Kampot do not have a clear structure and are unable to share information on production, disease, and current market prices. Through the establishment of the Swine Association, the private sector will be able to: share information on production, disease, current market prices and enable collaboration with the public sector.

Tray Bunly, from the PBK Input Supply Company, said that establishing an annual National Swine Forum would be a very effective way to bring together all of the stakeholders in the swine value chain, in order to increase support for the industry. He stated that he will support this event, which would be help encourage the public sector to provide additional services to swine producers in areas such as: disease management, quality control of inputs, and increased access to laboratories for animal testing.

- Participants were impressed with the organized, clean, and well ventilated markets that sold a wide variety of meats, including processed items.
- Interest in publications produced by PARRFI, in collaboration with the University of the Philippines, Los Baños and PCARRD. Some participants purchased booklets on a range of topics.
- Developed an interest for further collaborations, with UNAHCO, and the possibility for future training opportunities, available at ITCPH.
- Participants attended a variety of lectures given by international and national speakers relating to disease, production, and profitability.

Conclusion

Throughout the five days, the participants were very satisfied with the trip preparations, including the locations visited, the food and accommodations, and the facilitation of events. In addition, all of the places visited were very useful for the participants. During the visit, the team learned a great deal and they were able to witness how the Philippine swine industry has experienced recent success, specifically from the collaboration and dialogue between the public and private sectors. Moreover, they have seen public and private sector working together to overcome all constrains in order to improve swine industry in Philippines. Input Supplier company saw good swine exhibition in Manila. During the event, they can promote company products and expanding opportunity to new market. This event could be applied to Cambodia context.

Animal health officials expressed satisfaction with the visit and they were impressed how the public and private sectors can work together to solve technical and business issues.

The participants appreciated this international exposure trip organized by the USAID-funded Cambodia MSME project.