



A case study on crowding-in in the pig sector

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Overview

The pig sector is a large sector and as per the agriculture census of 2011 it is estimated that 445,000 households are engaged in pig farming of which 90% are small holder farmers (rearing less than two pigs). The constraint analysis of the sector highlighted that the major factors limiting the scale and efficiency of pig production were the limited quantity and quality of locally available feed and breed resources, inadequate knowledge about breeding (especially the care of sows during pregnancy and lactation), health care, hygienic slaughtering process, husbandry management practices and market access.

Traditionally, farmers use primitive methods to rear pigs and are often locked in a low input, low output production cycle as in the context of Nepal, both pig production and meat butchering is a family business specific to certain communities and social groups. Therefore, meat production and processing activities such as slaughtering, dressing, retailing and processing techniques/ practices have always been traditional and there is sometimes resistance for change when conflict of interest arises. For example, when animal slaughterhouse was constructed by a group of traditional meat entrepreneurs in Thankot, Kathmandu, the small scale operators did not show any interest to use the facility rather they denied when efforts were made from

Samarth-Nepal Market Development Programme is a five-year DFID funded project that aims to increase the incomes of 300,000 smallholder farmers and small scale entrepreneurs applying Making Market Work for the Poor (M4P) approach.

District Livestock Services (DLS) to implement the meat act. Small entrepreneurs' argument was that it is not remunerative for them as it increases their cost and they will be displaced from the market. As their number is overwhelmingly high and they complained of displacement from their traditional business, the effort to implement meat act was aborted. Instead, small entrepreneurs demanded communal slaughter facilities in different locations, which is not very sophisticated and that will be within their reach in terms of investment and management (source: FAO, 2010). On the demand side, the seventeen government registered meat processors catering to the higher value urban clients (star hotels, embassies, supermarkets). The processors were importing on average 5 MT/month of pork and producing 50-100 kilograms/day of processed products (sausage, ham, bacon etc.) as the smallholder pig farmers and local butchers were unable to assure both meat quality and volume on a regular basis.

Learning from the past initiatives, the small slaughterhouse intervention was designed. The focus of the intervention was to improve smallholder farmers' access to markets through improvements in slaughtering, animal health care and husbandry practices. As these issues, have major implications in improving efficiency of the pork meat value chain including compliance with national and international food quality and safety issues.

Samarth's role

Upon analysis of the pig value chain, it was identified that an important value chain actor in the form of slaughterhouse was missing. As the slaughterhouse could play an instrumental role in not only linking the rural small holder pig farmers with markets (serving as an aggregator) but also facilitate delivery of quality inputs (vet services, breeds, feed and related animal husbandry activities) in the rural communal pig rearing clusters. Consequently, Expression of Interest (EOI) was published and the local butchers with strong trading links in pig rearing communities were selected to pilot test the business model. The program worked on the establishment of four small/micro slaughterhouses in Banke, Bardiya, Jhapa & Sunsari. Worked with the slaughter house to improve delivery of good animal health and husbandry

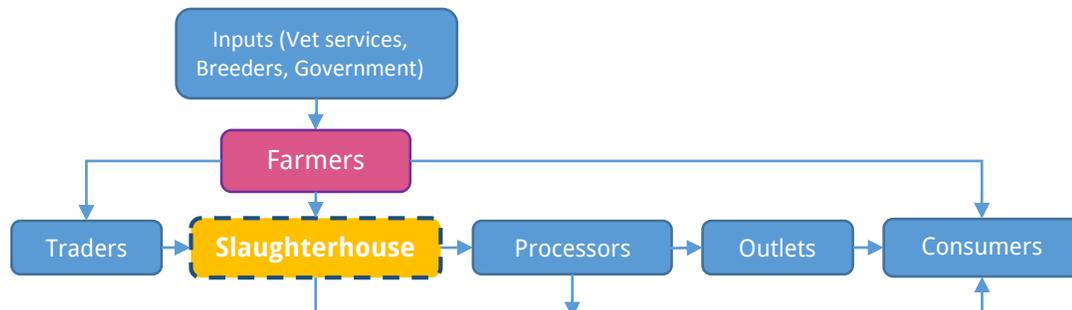


Figure 1: Pig Value Chain

practices in the major pig rearing clusters through trainings and launched schemes such as guaranteed buy back mechanisms to the smallholder farmers adopting good husbandry practices. The small/micro slaughterhouses were specifically designed to meet hygienic standards and followed humane killing practices as they were equipped with modern equipments. In addition, the program upgraded the capacity of the slaughterhouse by providing butchering skills. To stimulate the market of pork, the project facilitated development of several codes of practices (operation of slaughterhouse, live pig transportation and frozen meat transportation). Additionally, the guaranteed buy-back mechanisms to farmers following good animal health and husbandry practices, helped the slaughterhouse to address both quality and volume requirements of the wholesalers and urban processors in Kathmandu and Pokhara.

Where are we

To date, Samarth NMDP supported slaughterhouses are supplying 2,500 – 3,000 kgs of meat per week (1,500 kgs of pork, 1,000 kgs of buff, and 500 kgs of lamb) to urban markets in Pokhara and Kathmandu.

The slaughterhouses have started sourcing pig from diversified locations benefiting more than 2000 smallholder pig farmers. They are also providing trainings on improved slaughtering and butchering practices. To date, about 50 butchers and 100 farmers have benefitted from the trainings. At the farmer level, adoption of better animal rearing practices has resulted in higher prices (after intervention NRs. 220-280 per kilo before intervention NRs. 150-180 per Kilo). Recognizing the potential, the government has responded by allocating resources for the development of 25 new slaughterhouses and 3 meat processing facilities. To improve the quality of frozen meat, the government has accelerated enforcement code of practice on frozen meat and has rolled out a subsidy program to encourage investments in cold storage facilities and use of refrigerated vans for meat transportation.

Crowding-in story:

Samarth-NMDP's slaughterhouse partner Mr. Dipendra Kumar Joshi proprietor of Fresh Hygienic House, Simalghari, Banke organized a 5-day training on improved/modern pig slaughtering in coordination with CEAPRED/Samarth. The District Livestock Services Office sponsored two participants from each of the 10 pig mission districts for the training. Ms. Maili Danuwar from Kavre district (depicted in the picture on the right) was one of the participants who successfully internalized the learnings from the training and built a small pig slaughterhouse in Kavre district



Ms. Maili Danuwar started as a smallholder pig farmer and soon after she started butchering pigs using traditional practices which was often inhumane and very time consuming and started supplying to local markets. With awareness about the market demand for pork she felt that she would need to modernize her production practices to cater to the market demand. Having no knowledge on improved modern slaughtering practices she attended the 5-day training in Banke. After attending the training, she realized that she would need a modern slaughter house to improve slaughtering practices. She applied for a grant and was successful in obtaining the grant through the Directorate of Promotion of Livestock and Poultry Marketing to build a modern small slaughterhouse for pig.



Today, she has successfully built a modern small slaughterhouse and is practicing improved/modern slaughtering practices. She is slaughtering about 4 to 12 pigs a day to cater to the increasing market demand, estimated to be 8-10000 kilograms per day in Kathmandu and 4-5000 kilograms in Pokhara market. In line with the practices of other slaughterhouses in Western Nepal, Maili has also launched a marketing scheme with a buy back guarantee to ensure secure market for the smallholder farmers that rearing pigs. To date, she is sourcing pigs from 600-700 small holder pig farmers located in Sindhupalchowk and Kavre districts and is supplying about 2,000 – 2,500 kg of pork per week to markets in Koteshwor and Khichapokhari in Kathmandu and has a sales turnover of about NPR. 12,000 – 15,000 per day.

“I took the slaughterhouse training organized by Banke slaughterhouse in Nepalgunj in December 2015 to enhance my knowledge on modern slaughtering practices. The knowledge that I gained has been immensely helpful as I am now able to supply quality pork to higher value consumers. I have increased my slaughtering capacity and income and have been able to help smallholder pig farmers by ensuring buy back guarantee.”

Maili Danuwar