

SECTOR BRIEF

Issue # 14



Sector: Pig

Intervention: Business Enabling Environment

Districts: Kailali, Bardia, Banke, Dang, Kaski, Sunsari, Morang, Jhapa, Dhankuta

The pig sector of Nepal gains new heights: Government responds to Samarth's initiatives

Until recently, the pig sector had been largely overlooked by the government agencies, agricultural institutions and donor agencies as a development tool to improve the living standards of underprivileged farmers. The sector was dominated by subsistence farming and the number of commercial farmers was negligible. During the start of the pig programme by Samarth-NMDP in 2012, there were approximately 40 small to medium registered pig farms and the remaining 3,27, 800¹ pig farms were household level subsistence farms (with less than 2 pigs), feeding on household waste. There were a few government/development sector programmes working on the pig sector but they were limited to piglet distribution and were neither sustainable nor systemic.



Samarth-NMDP entered the market with a vision to bring about a change in the market system that would benefit the smallholder farmers. Samarth focused on interventions such as breed improvement, trade and marketing and creating business enabling environment. In the last few years, the number of registered small commercial farms has increased fourfold to more than 1,200². The number of pig raising household increased to 540,000 from 327,000 (CBS, 2011). This and many more changes have been brought about by Samarth's continuous effort in the sector.

¹ National Sample Census of Agriculture, Nepal, 2001/02, Central Bureau of Statistics, 2004

² Central Pig and Poultry Promotion Office

“It is true that the pig sector did not lie in the government’s priority, say 10 yrs back. Even when some programmes were introduced later, they had a traditional approach and did not emphasize on issues such as breed development and trade & marketing essential for commercialization of the sector. It was only two years back, during my tenure as the chief of Central Pig and Poultry Promotion Office (CPPPO), that we started looking at pertinent issues to uplift the sector. Samarth was already working on these interventions so we collaborated with Samarth to promote the sector.”

Pradeep Chandra Bhattarai, Former chief, CPPPO

Formation of the first business membership organization in the pig sector

Samarth-NMDP along with its implementing partner CEAPRED, partnered with Nepal Agriculture Research Council (NARC), Department of Livestock Services (DLS) under Ministry of Livestock Development and Michigan State University to conduct the “First National Workshop On Pig and Pork Industry in Nepal” on the 10th and 11th of December 2013. The event was attended by 223 participants ranging from pig farmers, processors, and government stakeholders, where multiple stakeholders were



Pig entrepreneurs discussing about forming an association after the first national workshop

able to participate and discuss the constraints, opportunities and way forward for the sector.

The event proved to be a milestone in this sector: the first functioning business membership organization representing pig entrepreneurs of the nation - ***Pig Entrepreneurs Association of Nepal (PEAN)*** - was conceived in the program and established within a few months. PEAN has now expanded its offices to 22 districts and is actively sharing information to district chapters through interactions, meetings and trainings. PEAN has also played a pivotal role in the development of the sector since its establishment; and has contributed towards creating a conducive environment for

inclusive growth by advocating for conditions needed to drive industry productiveness and competitiveness.

“The pig sector has come a long way from a totally ignored sector to a rapidly growing business. Samarth-NMDP has played a key role in bringing together scattered farmers and providing a platform for the establishment of PEAN through the first national workshop on Pig.

Since its inception, PEAN has organized two workshops and two pork festivals with support from Samarth as well as the government; and took the lead in organizing the second pork festival at Rangasala, Pokhara inaugurated by Rt. Hon. Vice President, Mr. Nara Bahadur Pun. PEAN’s active advocacy has led to major developments in the sector. PEAN is currently advocating on issues related to market promotion and legal barriers related to standard of feed, transportation and slaughterhouses.”

Dilli Raj Paudyal, General Secretary, PEAN

18-point declaration speeds up the development in the sector

PEAN organized the “Second National Workshop on Pig and Pork Industry in Nepal” and First Pork Food Festival in Bhrikuti Mandap, Kathmandu on January 16th 2015, with support from Samarth-NMDP, NARC and DLS, to discuss about the issues plaguing the sector. The workshop proved to be another milestone in the development of the sector. High ranking officials from National Planning Commission, Ministry of Agriculture Development (MoAD), Department of Livestock Services (DLS), Nepal agricultural Research Council (NARC), as well as the private sector actively participated in the workshop and committed to promote the sector. The workshop concluded with an 18-point declaration by the government that paved the way for speeding up the development process in the sector. The major highlights of the declarations were: creating a national level research and development program to improve the breeding and production process; introducing advanced technologies in pig farming; focusing on healthy and hygienic production of pork; and creating enabling environment for the marketing and distribution of pork products.

Government brings in the Pig Improvement Programme

In the fiscal year 2015/16, the Pig Improvement Programme (PIP) was introduced by the government to improve the breed of pigs through systemic and scientific breed analysis and genetic improvement; implement good husbandry practices; and create a stable market for the pig industry. The programme was led by the Central Pig and Poultry Promotion Office (CPPPO) under the Department of Livestock Services (DLS) with technical backstopping from Animal Breeding Division, Nepal Agricultural Research Council (NARC), and supported technically by the international consultant provided by Samarth-NMDP. All the stakeholders who had organized and/or participated in the second national workshop collaborated to give their inputs to the development of the programme. The 18-point declaration was instrumental in developing the Pig Improvement Programme.

A budget allocation of Rs. 2,88,00,000 by the central government kick started the programme this year. The government has selected ten districts of Nepal to implement the programme. As per the programme, one multiplier and five commercial breeder farmers have been selected in each district. The implementation process has already started and the government has plans to scale up the programme in 5 more districts next year.

“During my tenure at the CPPPO, all the stakeholders active in promoting the pig sector such as DLS, the research agency (NARC), Samarth-NMDP and the pig association (PEAN) came together to collaborate in promoting the sector. We now have a dedicated programme for the pig sector called the Pig Improvement Programme. Samarth is supporting the Pig Improvement Programme by developing the protocol for Good Husbandry Practices (GHP) and providing expertise for the development of breeding strategies.”

Pradeep Chandra Bhattarai, Former chief, CPPPO

Samarth in association with PEAN and the government explore export potential in Bhutan

In the year 2015, the pig market suffered a huge blow. The misperception among the consumers that swine flu is spread through pigs, drastically reduced the demand for pork. This, coupled with the earthquake and the border blockade, created havoc in the industry: the feed prices skyrocketed as the domestic market demand fell.

Since the consumption of pork was limited to the domestic market, the triple blow to the sector led the pig entrepreneurs association to focus on exploring the export potential of pork, not only to minimize the risk inherent in limiting products to the domestic market but also to expand the market for long term sustainable growth of the sector. PEAN advocated with various government agencies such as Ministry of Livestock Development, Ministry of Commerce and Industry and Ministry of Foreign Affairs to liaise the export of pork to Bhutan – the closest international pork market. After effective advocacy from PEAN, the government officials were interested in looking into the export potential of pork.



Meeting with Bhutan Agriculture and Food Regulatory Authority (BAFRA)

To catalyze the process, Samarth organized a Government level delegation to Bhutan led by the joint secretary of Ministry of Industry comprising government officials from DLS, PEAN, pork processors, butchers, and pig farmers. During the visit, the team gauged the market potential of Bhutan and identified the major constraints in exporting pork to the country. Upon returning, Samarth facilitated a workshop at Bhadrapur to discuss and develop a strategy for a way forward.

“After the Bhutan visit, we realized that the main requirements for exporting meat to Bhutan are quality assurance and disease free certification. Currently we are working on the certification issue through compartmentalization of farms and developing standards for slaughtering and transporting quality meat.”

Dr. Bimal Kumar Nirmal, Deputy Director General, DLS

Samarth is currently providing technical support to DLS by hiring a consultant to develop and amend the meat act and aid in its implementation. Samarth is also assisting the government by providing a consultant for liaising between Department of Food Technology and Quality Control (DFTQC) and Bhutan Agriculture and Food Regulatory Authority (BAFRA) - the two quality controlling bodies of Nepal and Bhutan - in order to pave the way for exporting meat to Bhutan.

New budget prioritizes the pig sector and sets aside 150 million to the sector

The Bhutan visit led to a change in the government’s focus from import substitution and self-sufficiency to export promotion. The government came up with a concept of Pig and Pork Industrial Park to create

an enabling environment for the export of pork. The idea is to establish all the actors of the pork industry: farmers, slaughterhouses and processors as well as the supporting functions such as vet services and certification body in a single premise to ensure that good husbandry practices, good manufacturing practices and bio security measures are implemented. The amount of Rs.15,00,00,000 has already been allocated by Ministry of Livestock Development to develop two Pig Parks; one in Jhapa (Eastern Nepal) and one in Pokhara (Western Nepal) in the current fiscal year's budget.

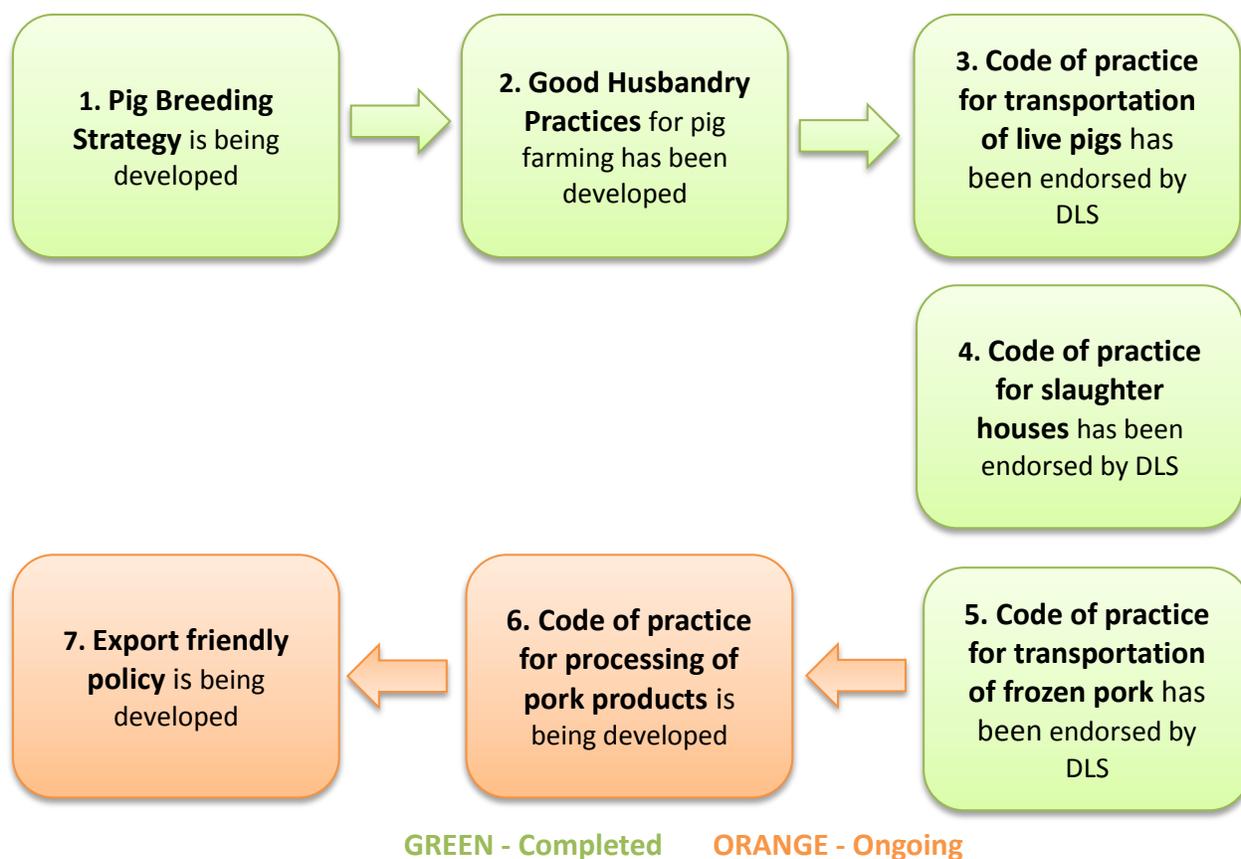
The government is now fully on board to create an enabling environment for the pig sector through the Pig Improvement Programme and the Pig and Pork Industrial Park. PEAN is also following up on the implementation of these ambitious programmes.

“In the past two years we have made a huge leap in the sector: the Government has allocated Rs. 2,80,00,000 for the Pig Improvement Programme and Rs. 15,00,00,000 for the pig park in Pokhara and Jhapa which will focus on bio security measures, vet services and good husbandry and manufacturing practices so that we have a product that meets international standard.”

Dr. Pradeep Chandra Bhattari, Former chief, CPPPO

New policies pave way for systemic change in the pig sector

Samarth's continuous effort and Government's positive response have led to the development of new strategies and code of practices. While some of these codes of practices are in the process of completion, others have already been endorsed by DLS for implementation. The flowchart below summarizes Samarth's policy work from pig breeding to export promotion.



Market system change brought about by Samarth's initiatives

Broadly, market system is a multi-player, multi-function arrangement comprising three main sets of functions (core, rules and supporting) undertaken by different players (private sector, government, representative organizations, civil society, etc.) through which exchange takes place, develops, adapts and grows" (Fowler and Dunn 2014: 2-3).

This paper provides insights into the facilitative role played by the project in bringing about changes in the rules and the supporting functions in the sector to ensure lasting behavior changes amongst value chain actors. Through the development and implementation of strategies and codes of practices, Samarth aims to address the underlying causes of under performance in the market system, which is hindering the participation of the poor and the marginalized groups in the high value meat markets despite their traditional engagement in the pig rearing occupation since generations.

The main goal is not only to introduce new technologies and innovations but also to change the behavior of many actors to ensure large-scale change capable of having substantial impact on the income of the marginalized pig farmers. In other words, the above mentioned changes in the rules and supporting functions are serving as an incentive for the market to invest in and produce high quality pigs and with the availability of quality pork meat in the market, more consumers (domestic and international) will opt for Nepali pork meat.

To date, seven policies and strategies have been adopted or are in the process of being adopted by Department of Livestock, the program hopes that with continued commitments and contributions from multiple public and private stakeholders, 5,40,000 marginalized pig farmers in Nepal will have ample opportunities to interact with the market and have a fair share of it through production of good quality, hygienic pork meat and increased access to higher value meat markets.



A small holder farmer carrying cross-bred pig to her farm

About Samarth-NMDP

Samarth-NMDP is a five year UK aid-funded program that aims to reduce poverty in Nepal by increasing the income of smallholder farmers and small-scale entrepreneurs. The programme follows a market systems development approach, addressing underlying causes in the performance of the market systems, to bring about more competitive and sustainable markets that work better for the poor.

Samarth-NMDP is managed in partnership with the Government of Nepal by a consortium comprising Adam Smith International, The Springfield Centre and Swisscontact. For more information on the programme, please visit www.samarth-nepal.com