

Phnom dei K.J. Livestock Training Centre

UNITED NATIONS AGENCY PRAISES FARM AS
GROUND-BREAKING, FIRST OF ITS KIND IN CAMBODIA

First Quarter 2014 Update

Performance Assessment Results

The Management of the Phnom dei K.J. Livestock Training Centre has obtained professional business and agricultural advice regarding the performance of the Centre following feedback from Mr S in November 2013. The Centre sought advice from various sources to fully assess its performance.

The assessment indicated that the Centre is *'a leader in the industry in Cambodia due to its innovative and forward-looking approach'*.

- **Food and Agriculture Organisation of the United Nations** – visit by expert chicken rearing team. The team stated that the Centre was *'ground-breaking and will revolutionise the capacity for Khmer Chicken Farms to be viable in Cambodia'*.
- **Asian Rural Institute of Japan** – Has provided a chicken rearing expert on a pro-bono basis who is committed to working with the Centre to fine-tune its innovative feed processing using raw materials *'I am happy to help because the farm is very important to help poor farmers find new ways to raise chickens. This is part of our University's commitment to helping improve food security'*.
- **Australian NGO (Australian Volunteers International)** – Visit to the Centre by the regional Head and Country Manager in Nov13 to assess if it satisfied strict requirements for placement of skilled volunteers. They indicated the Centre was of a *'very high standard'* and agreed to expedite the process to place a volunteer due to the importance of the project.

- **Highly Successful Japanese Businessman (Feb14)** – Expressed surprise at how much had been achieved in the 8 months since the arrival of the first chickens at the Centre and congratulated the Team on the success so far.

Highlights

Improvements - Innovative new natural feed technique introduced to provide better quality feed at a lower price. Trials of the new feed have been successful with chicken health maintained whilst feed costs have fallen due to reduced reliance on high priced industrial feed and increased use of lower cost local and natural raw materials.

Training – Phase 1 of training completed with 4 dumpsite scavenger beneficiaries now employed at the Centre full-time. 13 of the initial beneficiaries will soon commence enhanced training as Phase 2 apprentices. A further 5 beneficiaries who completed Phase 1 are being assessed for eligibility for micro-finance loans to commence their own chicken rearing businesses.



dāna asia

helping invest equitably in asia

Flock Size – the size of the flock has been maintained at a relatively conservative level of 500 laying birds and 2,000 in total whilst the Centre has fully established best practise management. As soon as the Centre has completed the introduction of best practice commercial standards, the expansion of the flock will be quickly enacted with the aim of achieving the target level of over 2,500 laying hens (up from 500) by mid- 2015.

Chicken Sales - Development of high quality chicken taste and texture has resulted in strong markets for the Centre's chickens with a premium average price of USD 4.00/kg being paid, well above the average industrial chicken price of USD 2.80/kg.

In addition to the sale of chickens for meat, demand is growing for the farms chickens as source stock. The UN organisation 'FAO' and the NGO 'Plan International' have requested that the Centre submit bids to supply chickens for their projects, with 1,000 birds for the FAO and 6,204 for Plan International over 3 months.

Egg Sales – The Centre is now a supplier of eggs to two of the largest supermarkets in Cambodia, with sales of 2,604 eggs achieved in Mar14 from zero eggs in Jan14. Lucky Super-Market has indicated that the eggs are the best quality available on its shelves. *'The KJC eggs are delicious. They are the best in the supermarket and I pay a premium because of the good taste'*- Supermarket Customer



Issues and Solutions

Flock Health - The first chickens arrived at the Centre 8 months ago so the first annual chicken rearing cycle is still underway. The flock's health has been impacted by different issues at various stages:

1. **Cold Period (Nov to Jan):** early morning periods proved to be too cold for the young birds despite the traditional heating measures used.
Action Taken: A new secure heating room is being built at very low cost.
2. **Lack of reliable Fridges for Vaccines:** Vaccine reliability was affected by unreliable temperature controls.
Action Taken: Vaccines are now kept at correct temperatures offsite whilst the final steps of the electricity connection are completed to enable the installation of a quality fridge for permanent vaccine storage.
3. **Feed:** The need for larger amounts of protein in the diet of the flock has been identified.
Action Taken: Introduction of worm farming and altered feed formula.
4. **Location:** Smoke from the dumpsite blows towards the Centre when the wind blows from a southerly direction, which is common on warmer days.
Action Taken: Tree shelterbelts and other natural barriers are being investigated.

Power – A lack of stable electricity has limited the Centre's ability to implement its growth and productivity strategy. A remedy has been sourced and is currently being implemented that will ensure stable electricity.

Resources – Adjustments have been made to team members, as the Centre has identified and secured new and more experienced team members with the knowledge and commitment to drive the Centre. Expert advisors from Cambodia, Japan and Australia have been sourced and are providing meaningful and effective advice on a variety of flock and production matters.

dāna asia

helping invest equitably in asia



Ban Ven – New Production & Operations Manager

Economic Viability

Costs – Budgets are tight as forecast in the original business plan. Effective cost control are in place. Break-even within a three-year period will be achieved.

Continual and ongoing assessment of costs is a key operational practice, resulting in the introduction of new practices to ensure long-term sustainability, including the introduction of new high quality but lower cost feed materials and processes, refinement of resourcing to ensure value for money and new flock management practises to decrease costs and increase yields.

Productivity – In line with advice provided by the team of advisors to the Centre, flock numbers were held at around 2,000 chickens whilst a series of vital measures were implemented to prepare the Centre for future large growth trends, including:

- Feed costs were too high so the Centre worked to lower this significant variable cost prior to increased flock numbers to commercial levels.
- Feed formulas have been re-assessed and finalised to maximise efficiency and accelerate bird growth rates. (*Feed testing has been undertaken at the Agricultural University in Phnom Penh.*)
- Health of the flock secured. Some disease in young chicks was a cause of concern. The Centre has worked hard to find solutions and the Farm Manager is now satisfied that flock health is stable and the Centre can work towards further large scale flock expansion.
- Incubation success rate increased to commercial levels to maximise live birth rates of chickens.



New incubator being trialled at the Centre

dāna asia

helping invest equitably in asia

Financial Achievements and Targets

Revenue Levels

A revised break-even sales figure of USD 8,340 per month has been targeted. This will be readily achieved once incubators and the secure breeding room are in place.

The Centre started selling eggs in late January 2014 and the growth in this market has been very encouraging with 2,604 eggs sold in March 2014.

Chickens

	Oct13	Mar14	Sep14	Break-Even
Chickens Retained for Breeding/Month	35	120	300	450
Chickens Sold/Month	101	190	502	1,308
Average Price/kg	\$3.88	\$4.13	\$4.25	\$4.00
Average kg/chicken	1.3	1.4	1.4	1.4
Average Price/Chicken	\$5.04	\$5.78	\$5.95	\$5.60
Revenue/Month	\$509	\$1,099	\$2,987	\$7,325

Eggs

	Oct13	Mar14	Sep14	Break-Even
Eggs Sold/Month	0	2,604	2,900	4,500
Average Price/Egg	0	\$0.23	\$0.25	\$0.23
Revenue/Month	0	\$599	\$725	\$1,035

Expense Levels

Total Centre expenses are in line with the recently revised budget forecasts and are aligned with the costings required to break-even at a sales levels of USD 8,340 per month as shown in the tables above.

Cash-flow

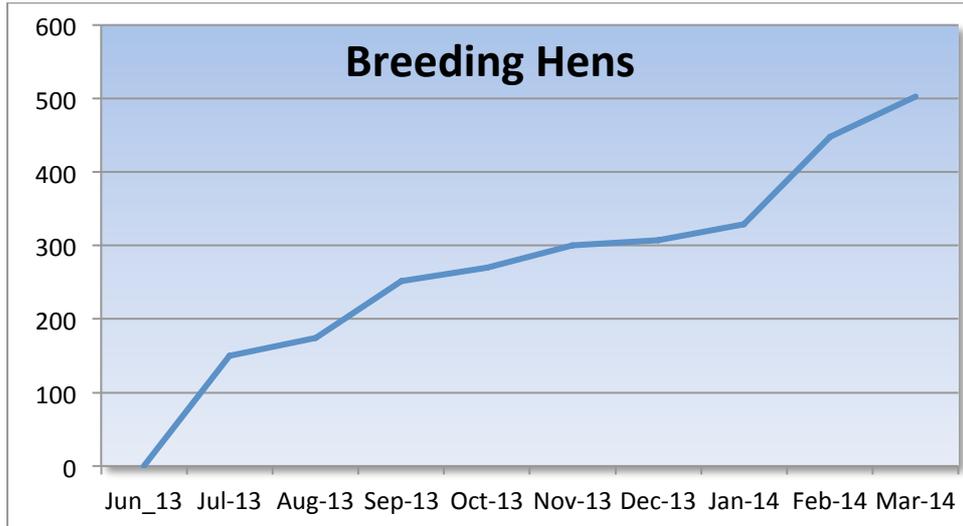
Cash-flow is tight during the developmental period. Non-essential expenditure has been eliminated. A cash-flow forecast is regularly updated and shared with management. Based on this forecast and with the new productivity measures in place, the organization remains solvent.

Flock Numbers

A stable and growing group of Breeding Hens are an important component for ensuring long-term viability at the Centre. Breeding bird numbers are building up well towards achieving a sustainable number. At least 33% of Chickens raised at the Centre have been retained (and not sold) to build up the flock towards the required medium term minimum level of 2,500 laying birds. Growth numbers are in line with the Centre's Budget Plan. The growth to date and further forecasted growth rates are shown on the two graphs below.

dāna asia

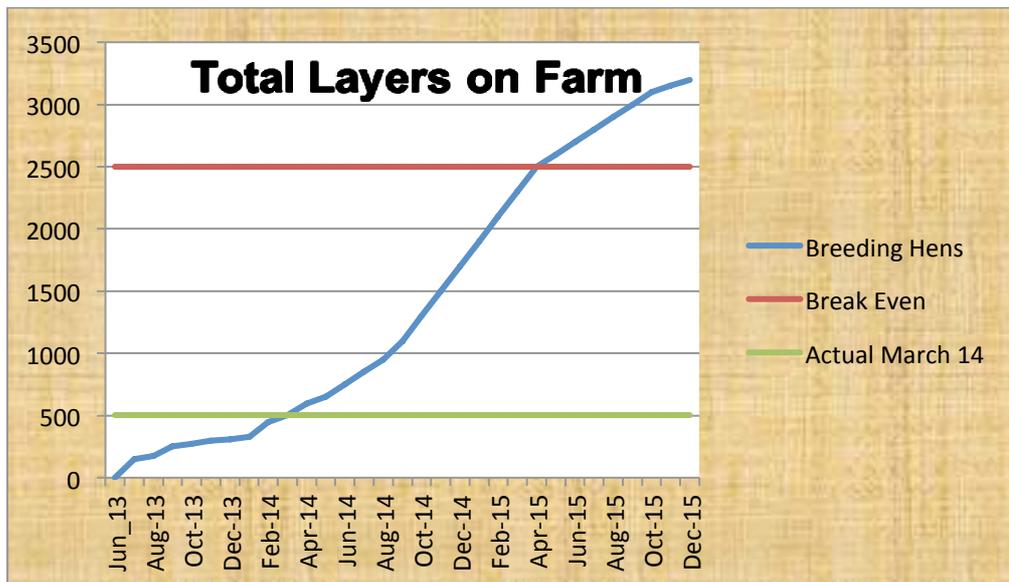
helping invest equitably in asia



Break-Even Flock Numbers

A sustainable flock size of around 2,500 Layers will produce enough eggs to reach a viable number of chicken and egg sales that will:

1. Cover farm costs
2. Provide an adequate income to the apprentices
3. Cover basic training and capacity building costs



dāna asia

helping invest equitably in asia

Beneficiary Case Studies

SAL (17 years old)

A young girl who has been badly abused by her father and had only one eye due to an accident when she was 8 years old. In January 14 the Centre took her to the Phnom Penh Eye Hospital and organised a new artificial eye for her.

Current Work:

With the financial assistance secured by Dana Asia she has now gone back to school part-time and also works part-time as an apprentice at the Centre.

Future:

She has asked Dana Asia to help her to complete her schooling and support her through Vocational Training.



Chet Sao (57 years old)

One of our Farm apprentices had been thrown out of her meagre home by her son-in-law who does not like her. She was forced to live under a tree.

Dana Asia has organised an emergency tent covering and is investigating the building of a new small house for her.



Boeung Nak (20 years old)

Background:

He is the oldest son with 5 siblings. He finished Grade 9 and then began collecting waste from 2009.

Current Work:

He joined the Farm in July 2013 and became a full-time apprentice in January 2014 thereby enabling him to stop working at the dumpsite. He hopes to obtain skills in advanced poultry raising, especially chickens.

Future:

He is keen to complete a two-year apprenticeship at the Centre and then train in Japan if possible. Dana Asia plans to provide English lessons for him as part of his training.

