

## Phnom dei K.J. Livestock Training Centre

### “BEST ROLE MODEL”

Second Quarter 2014 Update

#### 1. Project Objective

The Khmer Chicken Farm and Training Centre (the Centre) is providing scavengers on the Anlong Pi Dumpsite near Siem Reap

Town and other poor rural people with the opportunity to access professional skills training in poultry management with the objective of providing additional income opportunities.



The Key Elements of the Project are:

- **Business Model** focused on generating profits
- **Training and Capacity Building** for income generation
- **Research and Development** to ensure best practice

The Key Social Objectives are to:

1. Serve as an innovative training centre in the wider NGO movement to encourage more farmers to breed Khmer chickens using best practice methods.
2. Use the Centre as a Research Institute for developing best practice techniques that can be passed on to farmers to increase yields / productivity
3. At least double the disposable income of those who successfully complete the training at the Centre.
4. Provide a skill that can be used to ensure family food security.
5. Provide a best practice model that can be replicated in other locations.

#### 2. Performance Assessment Results

The Centre's primary focus remains on ensuring the highest levels of productivity and social impact. Success in achieving this objective is in part demonstrated by the praise the Centre continues to receive from visitors, and the desire of a number of NGO's to access the Centre's expertise.

Praise following recent visits from the French Red Cross, World Vision and Plan International included 'best role model' and all organisations were impressed by the raising techniques, health of the chickens and the use of natural feed.

- **French Red Cross** – The Farm has signed an agreement with the French Red Cross to support their Program in Oddar Meanchey Province. The Centre will supply chickens to their projects and pre and post purchase training to beneficiaries receiving the chickens.
- **World Vision Cambodia** – is interested in the supply of chickens and indoor and outdoor training in chicken rearing for its beneficiaries in Siem Reap, Banteay Meanchey and Battambang Provinces. An initial draft agreement has been submitted for comment.



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## 3. Highlights

**Training** – Phase 2 of the training program is under way. Three dumpsite scavenger beneficiaries continue to be employed at the Centre full-time. 13 graduates from the first phase of training have commenced enhanced training as apprentices. A further 5 beneficiaries who completed Phase 1 are being assessed for eligibility for microfinance loans to commence their own chicken rearing businesses.

**Flock Size** – The size of the flock is now 3,000 and continuing to grow resulting in the purchase of a 500 capacity incubator in April. A larger 1,000 capacity incubator is now planned to boost productivity further.

The expansion of the flock is being enacted with the aim of achieving the target level of *over 2,500 laying hens* by mid- 2015.



### Revenue Sources

**Chicken Sales** – The high quality chickens raised at the Centre have a very good taste and texture, which has ensured a premium average price of USD 4.00/kg continues to be achieved. This price is well above the average industrial chicken price of USD 2.80/kg.

A new and potentially exciting market that has emerged over the last 6 weeks is the sale of chickens to NGOs in Cambodia for distribution to farmers in their livelihood programs.

The French Red Cross has signed an Agreement, World Vision negotiations are underway and the UN organisation 'FAO' and Plan International have also expressed interest in working with the Centre.

- The French Red Cross has signed an Agreement with the Centre, which will supply 5,500 chickens over a 6 month period commencing in June 2014. The costing framework agreed is US\$6.96/chicken and US\$10.95/rooster and includes pre and post delivery training in chicken care.
- World Vision has received a draft agreement from the Centre for the supply of at least 400-500 chickens and 500 chicks per province per month for one year with a possibility of extending until the completion of their project in late 2016. The costing framework proposed which includes training is US\$12.50-16.50/hen and US\$14.50-18.50/rooster depending on the distance travelled for training and delivery. Chick prices will be US\$1-5/head depending on age of the chicks and transportation cost.

**Egg Sales** – The Centre continues to supply eggs to two of the largest supermarkets in Cambodia.



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## 4. Issues and Solutions

*Flock Health* – Flock health is now well under control following the implementation of some key measures.

1. *Cold Period (Nov to Jan)*: The building of a new secure heating room will ensure the Centre is ready to better manage the flock in the next cold season.
2. *Lack of reliable Fridges for Vaccines*: The purchase of a dedicated fridge to store vaccines at the correct temperatures has improved the effectiveness of the vaccines.
3. *Feed*: The implementation of a new feed formula with a focus on natural raw materials purchased in bulk and grown at the Centre has improved the health of the flock and decreased per unit input costs.
4. *Location*: The change of the seasons has resulted in smoke no longer impacting the Centre. Plans are underway to establish a tree shelterbelt prior to the next hot season.



*Transportation* - Increased demand for the Centre's chickens from both the markets and NGOs has resulted in the need for a larger transport vehicle. Currently the Centre is hiring a truck from a neighbouring village. Investigations are underway into the purchase of truck as the hire costs are high.

*Power* – The installation of a new reliable electricity connection has had a positive impact on the operations of the Centre. The new power source is more efficient, cost effective and less damaging to the local environment. Installation has enabled the powering of commercial scale incubators to significantly increase productivity and chick health.

## 5. Economic Viability

Ongoing assessment of costs is a key quarterly operational practice. New practices have been introduced to ensure long-term sustainability, including:

- Introduction of new high quality but lower cost feed materials and processes
- Refinement of resourcing to ensure value for money
- 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 for the first 3 months of 2014 whilst a series of vital measures were implemented to prepare the Centre for its next and material growth phase.

Now with the influx of new orders the Centre is undergoing a growth curve to ensure a phase of increased sales revenue.

## Financial Achievements and Targets

### Revenue Levels

A conservative break-even sales figure of USD 8,360 per month is being targeted by August 2015.

Based on sales targets from French Red Cross and World Vision contracts, average monthly net sales after transportation and advisory costs will reach an average of USD 5,997 per month for the 12 months from April 2014 to March 2015.

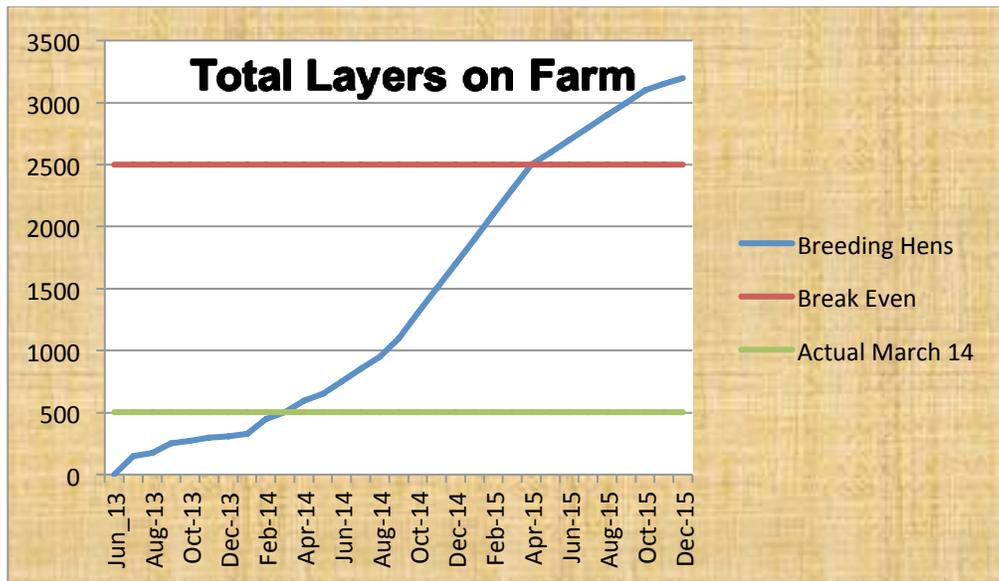
### Break-Even Flock Numbers

A sustainable flock size of around 2,500 Layers (birds laying eggs) 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

Under these assumptions, “monthly operational break-even is still predicted to occur by August 2015” which is 4 months after the farm has targeted achieving a laying flock of 2,500 birds. Sales of chickens will exceed 1,300 birds per month at this point. (It takes 120 days to raise a chicken from birth to sale).

**As of June 2014 the total number of layers stands at around 750 birds, which is in line with the target range as per the graph below.**



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## UPDATED FORECAST FOR 12 MONTHS FROM APRIL 2014 TO MARCH 2015

No.	Description	Total Amount USD
<b>A. Farm Activities Expenditure</b>		
1	Sourcing Chicken and Hens/Cocks/Transport	3,843
2	Feed, Vaccine and Medicine (estimate 8 months) - Bulk purchasing to stock	30,581
3	Chicken Supply to FRC (transport cost, Technical follow up and death replacement)	7,072
4	Farm Facilities	14,350
EXPENSE TOTAL "A"		55,846
<b>B. Operation Expenditure</b>		
5	<i>Personnel (include health and accident insurance)</i>	15,088
6	<i>External Technical Advisors</i>	4,005
7	<i>Utilities, office supplies and miscellaneous</i>	9,059
EXPENSE TOTAL "B"		28,152
EXPENSE TOTAL A & B		83,998

Est. KJC Gross Income from FRC	41,570
<b>Est. KJC Gross Income from WV (if contract signed)</b>	22,111
KJC Gross Income from Retail Sales (Chickens, eggs, chicks & Training fee)	8,289
<b>Total KJC Net Income</b>	<b>71,970</b>
<b>Profit/Loss</b>	<b>-12,028</b>
<b>Distribution to Farmers</b>	<b>-11,201</b>
<b>Net Loss for the 12 months April 2014 to March 2015</b>	<b>-23,229</b>

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## Farm Team Case Study

Heum Keo is 18 years old and is single. She finished Grade 6 at school only and is the daughter of a family who work as farmers and scavengers on the Anlong Pi dumpsite

Keo is a former scavenger who joined the farm in April 2013 when it was first established. She commenced with the farm as a part-time student during which she received both theory and practical training. Keo also assisted with the care of the farm's chickens and collected waste for additional income.



Keo commenced full time work as an apprentice at the farm in March 2014, at which time she was able to completely cease collecting waste from the dump. Keo is responsible for the care of the breeding room for small chicks and the hatching room, as well as assisting other farm staff as required.

Keo is very hard working student and keen to learn. She's now become very skillful caring for the chicks in breeding room and hatching room, including feeding, vaccination and medications.

Keo receives USD 40 per month as full time apprentice and she also receives a percentage from chicken sales resulting in a monthly income of USD 60-70 per month.

Keo is very keen to learn other skills including Computers and English and is committed to continuing to work at the Farm after her graduation in December 2014.