

# Swine Raisers' Investment in Local Feed Production Facilities Leads to Increased Income for Rural Households

**The USAID Cambodia MSME Project's approach to association development is to bring together firms to discuss and resolve common business problems. In Takeo, swine community working group members collectively invested in a domestic feed production facility to address the issue of high input cost of manufactured animal feed.**



*A group of local swine raisers in Takeo gather together to produce their own pig feed*

**By producing their own feed, and lowering their cost of production, swine raisers in Takeo have increased their profit margins by 40%.**

The Swine industry in Cambodia is dominated by micro and small enterprises involved in swine raising and trading. The industry has been adversely affected by unregulated import surges, high input costs and low live pig prices at the market. The high input costs are primarily because of the high cost of commercial animal feed which comprises 70-80% of total input costs.

Nevertheless, swine raisers are realizing that they have a major advantage in that they can produce their own animal feed using ingredients like soy, maize and cassava that are available in abundance in Cambodia. The ability of producers to invest in their own animal feed manufacturing operations, using locally available raw materials is key to sustaining and growing these businesses because it helps lower swine raising input costs, increase profit margins and thereby increase household incomes of small entrepreneurs.

Recognizing the need to address the issue of high input costs which affects the competitiveness of the swine industry, the USAID Cambodia MSME project launched an initiative to encourage private sector investment into animal feed production. The project located an experienced local feed production technical expert who was interested in conducting technical training on feed production to leading MSME clients in Takeo province. The Project paid for transportation, lodging and meals. The embedded technical training focused on domestic feed production using locally-available ingredients and introduced them to new feed production technologies. The technical training was followed by a one-day cross-provincial exposure visit to raw material input suppliers and feed making plants in Phnom Penh and Kampong Speu. The visits helped participants relate what they had learned at the technical training with exposure to feed production technology and processes.

Immediately after the training, a group of eleven swine raisers in Samrong district, Takeo province pooled together their resources and made a joint investment of about \$1,000 to buy raw materials, supplies and equipment from Phnom Penh to produce their own pig feed. By producing their own animal feed, swine raisers in Takeo have been able to lower their cost of production and increase profit margins by 40%. So far, Cambodia MSME clients in Takeo have produced 5,300 kilograms of pig feed and sold the product to community working group members and other animal producers in their village.

Swine raisers in Kampot, Prey Veng, Kampong Cham, Svay Rieng and Kratie are enjoying similar results by replicating the same model of working together to overcome business constraints and expand their business. Nine domestic animal feed production facilities have been established in six of the twelve project assisted provinces. By investing in family-owned feed making plants, entrepreneurs are able to reduce input costs and to diversify their business operations and thereby increase household income. "By facilitating technical training and cross-provincial visits on local feed production, it is as if the Cambodia MSME project has helped me earn more money." said Mr. Ith Thoun, a swine producer from Prey Veng.