

POULTRY (BROILER)

INVESTMENT GUIDE FOR CENTRAL VISAYAS



The chicken meat sub-sector is one of the most important agricultural commodities in the country. Chicken remains the cheapest source of meat protein and is gaining popularity among consumers with the proliferation of fast-food chain restaurants.

POULTRY (BROILER) INVESTMENT GUIDE FOR CENTRAL VISAYAS

AGRIBUSINESS AND MARKETING ASSISTANCE DIVISION (AMAD)

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Introduction

Research on meat production worldwide indicates that poultry is the fastest growing livestock sector, especially in the developing countries. The Philippines is no exception. The outlook for the Philippine chicken industry appears optimistic because the demand for chicken products is expected to increase, along with population and income growth. Productivity improvements and developments in marketing infrastructure, such as the expansion of food processing, the modernization of the retail sector (e.g., growth in supermarkets and hypermarkets), and increasing refrigeration ownership, are additional drivers for future demand growth. However, there are increasing concerns about the threats from imports due to the more liberalized trade policies.

Broiler Uses/Products

A broiler is a type of chicken raised specifically for meat production. It is prepared as food in a wide variety of ways, varying by region and culture throughout the world. Typically, the muscle tissue (breast, legs, thigh, etc), liver, heart, and gizzard are processed for food. Chicken can be cooked in innumerable ways; it can be made into sausages, put in salads, grilled, breaded and deep-fried, or used in various curries. There is significant variation in cooking methods amongst cultures; historically common methods include roasting, baking and frying. Today, chickens are also cooked by deep frying and prepared as fast-food as fried chicken, chicken nuggets or buffalo wings. Chicken feet are commonly eaten.

Production

World

- Chicken meat production has been significantly increasing with an annual increase of about 3.63% for the recent past five years (2003-2007) with highest production in 2007 as of latest data statistics from the Food and Agriculture Organization (FAO) of the United Nations.
- World chicken meat production was around 75.8million metric tons (mmt) and slaughtered about 51.1billion heads in 2007. The United States of America posted the highest output (21%) with a volume of 16.2mmt and slaughtered about 9.0billion heads for the same period. (FAOSTAT | © FAO Statistics Division 2009 | 02 December 2009)

- Other top producers include China (14%), Brazil (11.85%), Mexico (3.35%), India (2.95%), Russian Federation (2.46%), Islamic Republic of Iran (1.88%), Japan (1.80%), Indonesia (1.71%), and United Kingdom (1.68%) (FAOSTAT | © FAO Statistics Division 2009 | 02 December 2009)

The Philippines

- The Philippine poultry sector, valued at about P131 billion (\$2.7 billion), expanded by 11% in 2008 and represents about 14% of total agricultural production in the country. Chicken production, valued at P98 billion (\$2 billion) and the primary source of growth in this sector, went up by 5.76%. Increased broiler production was particularly noted in dressing plants throughout last year. (Chicken Industry Update, Philippines, USDA-FAS GAIN Report, 2009)
- The country's total chicken population as of January 1, 2009 was estimated at 158.7 million birds, 2.9% higher than last year's headcount. Broiler inventory grew by 9.0% from 52.2million to 56.9million. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- Total volume of chicken production reached 1,281.34 thousand mt or 5.75% in 2008 higher than the 2007 output. This increment was due to higher broiler production from commercial farms. Broiler production accounted for around 62.3% of the total chicken output in 2008. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- As of January 1, 2009, broiler inventory was placed at 56.9 million birds. Of this total, around 34.5% and 22.5% were concentrated in Region III and Region IV-A, respectively. These two regions accounted for about 57.0% of the country's broiler population. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- Total supply of dressed chicken in 2008 was estimated at 784,418 mt posting an increase of 12% compared with the 2007 level. Of this total, around 94% were locally produced and the rest were imported. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- Total chicken importation rose by 14.1% from the 2007 level of 38,336 mt to 43,758 mt in 2008 (Chicken Industry Performance Report Jan to Dec 2008, BAS).

Central Visayas

- Total chicken population as of January 1, 2009 was estimated at 11.9 million birds, 7.7% lower than last year's headcount. Broiler inventory grew by 25% from 2.1million to 2.6million. (Chicken Industry Performance Report Jan to Dec 2008, BAS)

- Total volume of chicken production reached 71.44 thousand mt or 4.7% in 2008 higher than the 2007 output of 68.2 thousand mt (Chicken Industry Performance Report Jan to Dec 2008, BAS).
- As of January 1, 2009, broiler inventory was placed at 2.6 million birds. Of this total, around 90% was concentrated in Cebu. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- Total chicken dressed in dressing plants rose by 9.35% from the 2007 level of 22,003,439 heads to 24,061,227 heads in 2008. Of this total, around 87% were produced in Cebu. (BAS data statistics, 2008)
- Average dressed weight for broilers is estimated at 1.35 kilograms.

Trade

World

- Total chicken meat exports accounted for 9.34mmt valued at US\$13.8billion. FAO's latest data statistics showed that around 12% of chicken meat produced was exported in 2007 (FAOSTAT | © FAO Statistics Division 2009 | 02 December 2009).
- The two leading exporting countries were the U.S.A. (32.41%) and Brazil (32.19%), which together accounted for about 65% of the world's exports, each exporting more than 3 million tons valued at US\$2.89billion and US\$4.22billion, respectively (FAOSTAT | © FAO Statistics Division 2009 | 02 December 2009).
- Leading importers include United Kingdom (US\$1.35billion), China (US\$1.04billion), Russian Federation (US\$953.9million), Japan (US\$686.5million), and Saudi Arabia (US\$669.2million) (FAOSTAT | © FAO Statistics Division 2009 | 02 December 2009).

The Philippines

- Importation of chicken meat increased slightly in 2008 by 2%. Main country sources are Canada (38%), the United States (30%) and Brazil (18%). Imports of chicken leg quarters, in particular, declined by 35% in the previous year while imports of mechanically deboned chicken, used mainly in meat processing, increased by 41%. Adequate domestic production of chicken, coupled with the uncertainty caused by the Minimum Access Volume (MAV) review and delays in the issuance of MAV licenses contributed in part to the decline in chicken leg quarter imports in 2008. (Chicken Industry Update, Philippines, USDA-FAS GAIN Report, 2009)

- In 2008, the United States exported nearly \$20 million worth of poultry meat (including chicken, turkey and duck) to the Philippines, majority of which are chicken leg quarters and other chicken cuts (Chicken Industry Update, Philippines, USDA-FAS GAIN Report, 2009).
- Broiler final stock is a product of imported Day-Old Chick (DOC). Annual importation of DOC breeders recorded increases in 2008. Compared with the previous year's arrivals, Grand Parent Stock (GPS) went up by 7%, while PS and PS_HE remarkably increased by 52.6% and 19.5%, respectively. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- The total volume of chicken meat importation in 2008 reached 43.76 thousand mt, valued at US\$ 22.85 million F.O.B. Compared with the previous year's level, the volume and value of imports grew by 14.1% and 10.1%, respectively. (Chicken Industry Performance Report Jan to Dec 2008, BAS)
- Across quarters, the biggest increase in the 2008 meat importation was noted in the third quarter as volume of meat imports went up by 63.1%. Correspondingly, this period registered the biggest increase in meat expenditure at 78.7%. (Chicken Industry Performance Report Jan to Dec 2008, BAS)

Central Visayas

- Total volume of poultry meat shipped-in (international) to Cebu rose by 444.44% from 648 mt in 2007 to 3,528 mt in 2008. (BAS data statistics, 2008)
- Total inflow of dressed chicken shipped-in (domestic) to Cebu were around 1,479 mt and 1,087 mt in 2007 and 2008, respectively. While total outflow of dressed chicken shipped-out of Cebu amounted to 144 mt in 2007 and 467 mt in 2008. Major destinations include Cagayan (13.5%), Manila (11.7%), Iloilo (11.5%), Tagbilaran (7.4%), Masbate (6.9%), Butuan (6.5%), Ormoc (5.7%), Calbayog (5%), and other areas (39%). (BAS and NSO-Cebu data statistics, 2007-2008)
- Roughly 1million and 1.8million heads of DOCs were shipped-in (domestic) to Cebu in 2007 and 2008, respectively. While 8.95million heads of DOCs were shipped-out of Cebu in 2008, 11.15% higher than the 8.05million heads in 2007. Major destinations include Manila (23.3%), Tagbilaran (12.6%), Dumaguete (9.7%), Cagayan (8.5%), Ormoc (7.1%), Calbayog (4.7%), and other areas (34%). (BAS and NSO-Cebu data statistics, 2007-2008)
- In 2008, net outflow of DOCs were about 7million heads (BAS data statistics, 2008).

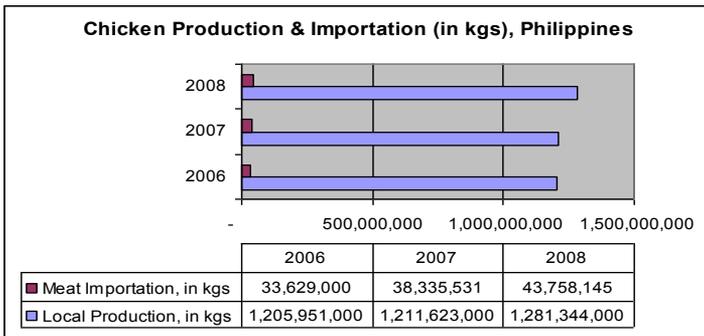
Demand and Supply Situation and Projections

World

- Global poultry meat production in 2009 is projected to rise to 94.6million tonnes, 3% higher than in 2008. Growth is expected in virtually all regions, except for North America. Poultry production in the United States is forecast to decrease by 1%, in response to poor export prospects in 2009. By contrast, large production gains are anticipated in all the other major producing countries, i.e.Argentina, Brazil, Canada, China, Colombia, India, Indonesia, the Islamic Republic of Iran, Malaysia, Mexico, Russian Federation, Thailand and Turkey. (Food Outlook, Global Market Analysis, FAO November 2008)
- Following recession-induced stagnant production, broiler meat production in 2010 is forecast up 3% at 73.7million tons. Growth is forecast to be largely driven by new historic production levels in Brazil and China (4 and 3percent higher, respectively). Contributing to global growth will be the world’s leading producer, the United States, which is forecast 2 percent higher at 16.2 million tons. Virtually all other major producers, particularly Argentina, India and Russia are forecast to expand production. (Livestock and Poultry: World Markets and Trade, USDA-FAS, October 2009)
- Global economic recovery is expected to stimulate consumption and raise import demand. While Russia, the EU and Japan remain the largest markets for broiler meat imports, their share of global trade is forecast to continue to stagnate or erode in 2010. (Livestock and Poultry: World Markets and Trade, USDA-FAS, October 2009)

The Philippines

- In 2008, Philippine chicken production, valued at about \$2 billion, increased by 5.76% over the previous year. The growth in broiler production is forecast to slowdown this year as a result of rising feed and production costs and possible



weaker consumer demand. Total chicken meat imports, majority of which was chicken leg quarters and deboned chicken meat, increased only slightly in 2008. San Miguel Corporation, the largest agribusiness conglomerate in the country, announced plans to expand broiler production by \$68 million. (Chicken Industry Update, Philippines, USDA-FAS GAIN Report, 2009)

- Per capita chicken consumption in 2007 was at 7.86 kg/year decreased slightly from the previous year. Increased production and constant import levels in 2008 are expected to increase per capita consumption in 2008. According to analysts, the ongoing global economic crisis is expected to dampen consumer food demand in 2009, including chicken consumption. However, concerns about Ebola Reston Virus in pigs may result in some shift from pork to chicken by consumers. (Chicken Industry Update, Philippines, USDA-FAS GAIN Report, 2009)
- The Philippine broiler industry is controlled by four major integrators, namely, Swift Foods, San Miguel Foods, Tysons Agro-Ventures, and Universal Robina Corporation. Together, they account for 65% of the total broiler supply in the country. These integrators are involved in the production and marketing of broiler chickens, the importation of grandparent and parent stock, and the manufacturing and sales of commercially mixed feeds and breeder stocks to independent raisers. The integrators are organized into the Philippine Association of Broiler Integrators. On the other hand, the small- and medium-scale commercial broiler and independent poultry producers, particularly from Rizal, Bulacan, Cavite, Laguna, Pampanga, and Tarlac have grouped themselves into the United Broilers' Association. (Asian Journal of Agriculture and Development, Vol. 4, No.1, 8/4/2007)

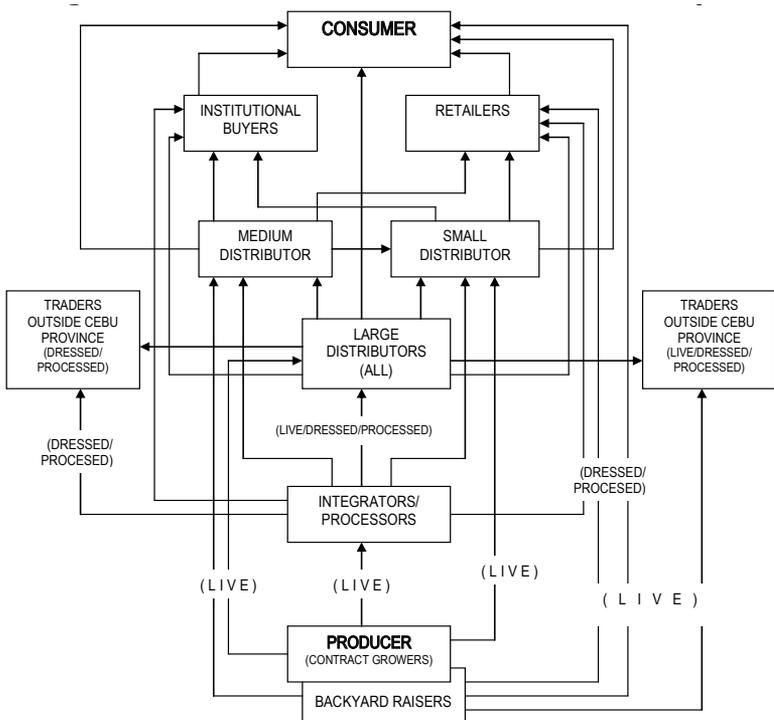
Central Visayas

- For 2008, the region had a total chicken consumption of 35,361 MT versus a total production of 55,009 MT leading to a surplus of 19,648 MT. This means that regional production satisfies 156% of the total requirement in Central Visayas. (BAS data statistics, 2008)
- The region had more than enough supply for chicken demand in 2008 satisfying the four provinces; Bohol (145%), Cebu (176%), Negros Oriental (112%), and Siquijor (352%) (BAS data statistics, 2008).
- It is estimated that chicken sufficiency level in Central Visayas through local production will increase from 156% in 2008 to 160% in 2009 and 162% in 2010 (BAS data statistics, 2008).

Investment Opportunities

- Expansion of poultry production
 - ◊ Existing agribusiness land
- increase productivity
- options for diversification: corn + poultry
- Production of feed components (mainly corn and soybean)
- Large potential expansion for value-added chicken products such as nuggets, hotdogs, vienna sausages, marinated chicken, etc.
- Expanding export markets such as China for heat processed poultry meat while the European Union, Hongkong, Indonesia, Malaysia, and Singapore for halal poultry products
- The Philippines remains one of the few countries in Asia that has not been affected by Avian Influenza (AI). Due to the AI-free status of the Philippines, many of the large food manufacturing companies are gearing up to export processed poultry products, particularly to Japan, Korea, and the Middle East.

Marketing Channel - Live/Dressed/Processed Chicken (Broilers)



Cost and Return Analysis

A. Investment Costs

The major investment costs are incurred on the 1st year, on the year of the establishment of the broiler farm. The amount of investment depends on the scale of the project. The major investment items are the following:

(a) buildings/housing, (b) equipment, and (c) site development. While housing and equipment costs would directly depend on scale, site development cost is assumed to be the same, whether the scale is for a 10,000-chicken module or a 5,000-chicken module, as the proposed area to be developed is the same. Only the size of housing would vary.

Equipment. It includes (a) brooding heaters, (b) regulators and gas lines, (c) feeders, and (d) waterers. To account for replacement investments over the life of the project, the heaters and waterers have a 5-year lifespan each. The tube feeders have a lifespan of 3 years. Cost of replacement investment shall take the place of depreciation costs.

B. Operating and Maintenance Costs

Operating and maintenance costs cover the costs of the following: (a) DOCs; (b) feeds, (c) medicines, vaccines, and feed supplements; (d) utilities; (e) brooding; (f) repairs and maintenance; (g) labor; and (h) miscellaneous expenses. Except for labor costs, all other costs are pro-rated on a per chicken basis. For all such expenses, operating and maintenance costs depend on the scale of operations. Cost per cycle is calculated on a 42-day raising period. Extrapolated to an annual basis, the frequency of five cycles per year is adopted. The bulk of costs come in the form of expenses on feeds for the chickens. The estimate for feed cost per chicken is calculated by using the following standard parameters:

- Feed conversion ratio = 2.0;
- Weight of chicken at harvest = 1.75 kg; and
- Price of mixed feed = average of P1,037 per 50-kg bag.

C. The 10,000-Chicken Module

For the 10,000-chicken module, total operating cost over a 1-year period is estimated at P5.816M. Of this, P3.605M or 62%, is accounted for by feed expenses. The second major operating expenditure item is on day-old chicks, set at P27.00/chick, amounting to P1,350,000/year. This is 23% of the total. Feed and DOCs expenses, together, account for 85% of total operating expenses.

The structure of operating and maintenance costs for a 10,000-chicken module is shown in Table 1.

D. Returns

Returns from the project are assumed to start only one year after the initial investment has been made. Main revenue comes from the sale of finished broilers. The standard parameters that are used in calculating the revenue from broiler sales are the following:

- Weight of chicken at 42 days = 1.75 kg;
- Price of chicken = P72.78/kg;
- Number of cycles per year = 5; and
- Mortality rate = 5%

On an annual basis, the returns from a 10,000-chicken module is P417,587.50.

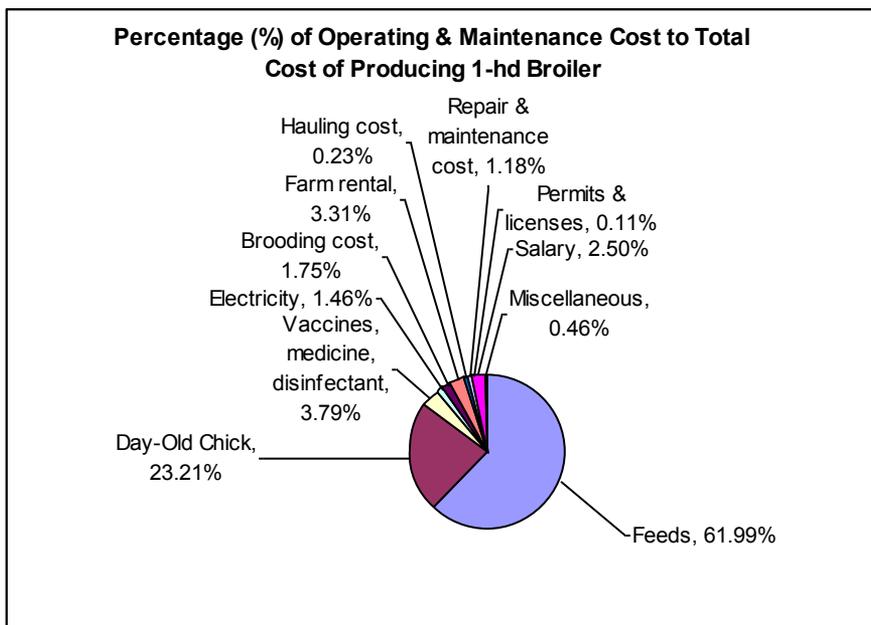
Table 1. Cost and return for 10,000-chicken capacity broiler farm.*

Items	Amount (P)
Income	
Sale of broilers	1,209,967.50
Sale of manure	33,250.00
Sale of sacks	3,500.00
Total	1,246,717.50
Cost	
Day-old chicks	270,000.00
Feeds	721,100.00
Vaccines, medicine, etc.	44,100.00
Electricity	17,000.00
Brooding expense (LPG)	20,300.00
Farm rental	38,500.00
Hauling expense	2,700.00
Repair and maintenance	13,700.00
Permits and licenses	1,300.00
Salaries	29,100.00
Miscellaneous expenses	5,400.00
Total	1,163,200.00
Net Income	83,517.50

Assumptions:

1. Price of day-old chicks P27.00
2. Price of broilers P72.78/kg
Market weight is 1.75 kg
3. Feeds P72.11/hd

4. Vaccines, medicine, disinfectant	P4.41/hd
5. Electricity	P1.70/hd
6. Brooding cost	P2.03/hd
7. Farm rental	P3.85/hd
8. Hauling cost	P0.27/hd
9. Repair and maintenance cost	P1.37/hd
10. Permits and licenses	P0.13/hd
11. Salary	P2.91/hd
12. Miscellaneous	P0.54/hd
13. Volume of marketable manure/chicken	0.88 kg
14. Price of manure	P4.00/kg
15. Estimated revenue from manure/chicken	P3.50



Minor benefits are also realized from the sale of by-products. These by-products are chicken manure and used feed sacks. Chicken manure has a market in the processing of organic fertilizer. Roughly, the amount of marketable manure generated per chicken is one-fourth the weight of the total feed consumed. In calculating the quantity and value of marketable manure per chicken, the following parameters are used:

- Feed consumption/chicken = 3.5 kg;
- Marketable manure recovery factor = 0.25;
- Volume of marketable manure/chicken = 0.88 kg;
- Price/kg of manure = P4.00/kg; and
- Estimated revenue from manure/chicken = P3.50/chicken

Assuming five batches per year, at 5% mortality, revenue per year from sales of manure is P166,250.00 for the 10,000-chicken module.

Used feeds sacks are priced at P5/sack. Each bag contains 50 kg of feed. For the calculation of revenue from used sacks, the relevant parameters used are the following:

- Feed consumption/1,000 chickens = 3,500 kg;
- No. of sacks/1,000 chickens = 70 sacks
- Revenue from sacks/1,000 chickens (@ P5.00/sack) = P350.00;

Thus, for the 10,000-chicken module, an annual revenue from used sacks is P3,500.00.

Source: Adapted from The Philippines Recommends for Broiler Production. Los Baños, Laguna: DOST-PCARRD and DA-BAR, 2006. 74 p. (Philippines Recommends Series No. 10-C)

* Based on 2008 Cebu City prices.

Problems of the Local Broiler and Feed Mill Industry

- short supply of corn
 - > In 2008, yellow corn production in Region 7 was only 9,873 mt compared to the Feed Millers' estimated corn consumption of about 45,800 mt (BAS & NFA data statistics, 2008).
 - rising cost of grains and other feed materials
 - > Corn is a major input to broiler feeds, accounting for about 70% of the total feed cost. Since 2005, the cost of corn has been steadily increasing with an average annual increase of around 6.82% from 2005 to 2008 period. (BAS data statistics, 2005-2008).
 - continuous importation (legitimate or otherwise) of low-priced leg quarters
 - > Data from the Bureau of Animal Industry, National Veterinary Quarantine Service showed an annual average of 20,219,829 kilograms of imported chicken leg quarters from the year 2006 to 2008.
 - possible entry of the Bird Flu virus into the country
 - land conversion/urban centers
 - pollution

Institutional Support

● **The Ginintuang Masaganang Ani** – Livestock Program targets increasing competitiveness & sufficiency in meat and meat products as a major component of the food security program. Its major thrusts include improving & conserving the genetic pool, prevention and control of livestock & poultry diseases with economic significance particularly Foot and Mouth Disease (FMD) & Avian Influenza (AI). Modern production & post-production technologies are also being promoted in partnership with the LGUs.

Major Strategies:

- > Agribusiness land development program for forage production
- > Genetic improvement program
- > Production of biologics (vaccines)
- > Prevention & control of economically important diseases
- > Strengthening of feed laboratory service
- > Credit services program for livestock production
- > Market development services
- > Establishment of livestock auction markets
- > Skills training on livestock production and artificial insemination
- > Information dissemination and advocacy
- > Quarantine and regulatory services

● **Implementation of the F.I.E.L.D.S. program** (F stands for fertilizer support; I stands for Irrigation development; E is for Education and training of farmers and fisherfolks; L is for Loans and Insurance; D is for Dryers and other postharvest facilities; and S is for Seed support)

a. Fertilizer support

- Massive campaign for the use of organic fertilizers and utilization of proven technologies

b. Irrigation

- Restoration / rehabilitation of existing Small-Scale Irrigation System (SSS), National Irrigation System (NIS) & Communal Irrigation System (CIS)
- Installation of pressurized irrigation systems
- Spring Development & Other Irrigation Systems

c. R&D, Education & Extension

- Research, Development and Extension seeks to improve the already-established linkage between the DA, the private sector & the SUCs emphasizing the critical role of LGUs in the extension system.
- Advocacy on the adoption of appropriate technologies, utilization of new corn seed varieties and better inputs are being made available to achieve higher yields & productivity.

Greater DA-Private Sector-SUC Partnerships

- Techno demonstrations
- Farmers' education & extension services
- Information Technology-related services
- Provision of corn & feed crop seeds, poultry breeders & forage stocks, bio-agents, fertilizers, poultry vaccines, tractors, tillers, cultivators, sprayers
- Laboratory Services (soil analysis, feed analysis, animal disease diagnosis, seed quality control, pesticide analysis)
- Information dissemination thru the tri-media
- Training & seminars
- Market Access
 - Market matching / linkaging thru trade fairs, exhibits, missions, congresses, investment fora
- Provision of Investment Guides
- Establish Barangay Bagsakan / Bagsakan Centers and Livestock 'Oksyon' Markets (LOMs)
- Regulatory & Product Quality Standards

d. Credit

Facilitate access to financing:

- Agricultural Competitiveness Enhancement Fund (ACEF) and Livelihood Enhancement for Agricultural Development (LEAD) programs thru DA-RFUs
- Livelihood Funds thru QUEDANCOR and LANDBANK
- Crop and Non Crop Agricultural Assets Insurances thru PCIC

e. Postharvest

Provision of the following facilities & equipment:

- Farmers' Trading Post
- Processing Equipment
- Farm to Market Roads

• Financing Institutions: Financing Windows

A. Philippine Crop Insurance Corporation (PCIC)

1. Livestock Insurance

- a. Type of Insurance Cover: Commercial Mortality Insurance Cover
 - Poultry-Chicken/Ducks (broiler/layer/pullets)
 - depending on the prevailing market price or as agreed upon
- b. Risks covered:
 - diseases (parasitic diseases), accidental drowning, strangulation, snakebites, fire/lightning

- c. Eligibility Requirements:
 - animals to be insured must be in good health condition;
 - with good housing facilities;
 - must be under the supervision of a Veterinarian/Livestock Inspector/Technician knowledgeable on proper management of animals;
 - animals must have eartag number/earnotch/brand number;
 - caretakers/raisers must undergo training on animal husbandry practices
2. **Non Crop/Agricultural Assets Insurance** – protects agricultural producers of their non-crop agricultural assets against losses due to fire and/or other perils
- a. Fire and Lightning
 - * Warehouse risks for agricultural produce, machineries & equipment
 - * Industrial risks for processing of agricultural produce
 - * Poultry houses, pig pens, stables
 - b. Property Floater
 - * Tractors, threshers, trailers, shallow tube wells
 - c. Term Insurance Power Packages (TIPP)
 - * Eligibility: Agricultural producers/farmers, fisherfolks, their family members up to 4th degree of consanguinity or affinity who are 15 to 65 years old
 - * 3 types:
 - (1) Agricultural Producers Protection Plan;
 - (2) Accident Dismemberment Security Plan; and
 - (3) Loan Repayment Protection

B. Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)

Eligible Projects: Agriculture and Fishery Projects

- a. Production (Grains Commodities, Fisheries, Livestock and Poultry, High Value Commercial Crops – Food and Industrial Crops)
- b. Livelihood and other Agri-fishery and Forestry based Project/Activities
 - b.1. Retailing, wholesaling, marketing/trading/distribution, packaging, processing/manufacturing of agri-fishery products, e.g. grains, fruits, and vegetables, meat, fish, feeds, and feed ingredients and other agri-fishery inputs and forestry based products and services
 - b.2. Acquisition/fabrication and upgrading/repair of machineries and equipment or agri-fishery facilities and other related activities

Eligible Clientele: Farmers, Fisherfolks, Food retailers, Small wholesalers, Urban and rural poor workers (engaged in production of eligible projects, livelihood and other agri-fishery and forestry based projects/activities)

Eligibility Requirements:

- a. Must be 18-64 years of age at the time of application. The age must not exceed 64 years at the time of loan maturity;
- b. Must have sufficient experience/knowledge and/or willing to undergo training on the project;
- c. Must have attended the required values orientation seminar with QUEDANCOR;
- d. Must be residing in the same community/barangay for at least 1 year or with the same project location;
- e. Must be identified or endorsed by concerned government/non government entity with special tie-up with QUEDANCOR or other related arrangement

Projects/Commodities	Loanable Amount	Loan Term (Maximum)
Broiler Production (100 birds)	12,000.00	two (2) months
Broiler Production (200 birds)	24,000.00	two (2) months
Broiler Production (500 birds)	61,000.00	two (2) months

C. LandBank of the Philippines (LBP)

Program Title: Development Advocacy Program

Objectives: To provide credit access to priority sectors through new lending approaches which veers away from the rigors of traditional lending

Eligible Borrowers: Cooperatives, Associations, Federations, NGOs, SMEs, Agribusiness entities

Eligible Criteria:

- a. Accounts that failed the bank’s standard criteria but with viable projects
- b. Accounts that make use of purchase orders and receivables financing
- c. Accounts that make use of credit enhancement instruments such as, marketing agreement, guarantee covers

Eligible Projects: Crop Production, Trading, Manufacturing, Processing, Suppliers, Transportation

Loan Purpose:

- a. Production inputs
- b. Working capital
- c. Purchase of utility vehicle, equipment and other fixed assets
- d. Construction of plant, warehouse and other facilities

Amount of Loan and Limit:

- a. Up to 70% of the value of P.O. or outstanding receivables
- b. Up to 80% of the project cost on project-based

Collateral/Securities: Any form of security acceptable to the bank including:

- a. PDCs
- b. Assignment of receivables and proceeds of market contracts
- c. Guarantee cover
- d. Object of financing

Term of Loan: Other crops/livestock shall mirror the production cycle of the crops/projects being financed

Mode of Payment: Lump sum (Principal + Interest) upon maturity

D. Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC)

1. Program Title: Agri-Microfinance Program (AMP) for Small Farmers and Fisherfolk and their Households

The AMP for Small Farmers and Fisherfolk and their Households is a joint program of the ACPC and the People's Credit and Finance Corporation (PCFC) for the provision of credit to qualified borrower organizations for re-lending to small farmers and fisherfolk households and groups/organizations. It was established by virtue of ACPC Resolution No. 2, Series of 2009 as one of the programs under the Agro-Industry Modernization Credit and Financing Program (AMCFP) – the government's umbrella credit program for agriculture and fisheries.

Program Objectives: The program aims to reduce poverty and improve the quality of life of marginalized farmers and fisherfolk by financing agricultural projects and activities that will increase their productivity and incomes.

Program Scheme: Under the AMP, PCFC administers the provision of credit to eligible borrowing organizations. For PCFC-accredited banks and MFIs (Type 1 organizations/institutions), PCFC processes, evaluates and approves the loan application. For non-bank MFIs that pass the accreditation criteria of PCFC for Type 2 organization/institutions, the ACPC-PCFC Program Management Committee reviews the loan application for endorsement to PCFC's approving authority. Loans charged against the AMP Fund are subject to review, approval and validation by ACPC. The borrower-organizations either extend (i) agri-fishery microfinance loans to eligible borrowers; and/or (ii) loans for value-adding and marketing activities of eligible small farmers and fisherfolk groups/organizations.

Eligible Organizations/Institutions:

- a. Microfinance institutions (MFIs) such as cooperative/rural banks, cooperatives, non-government organizations (NGOs) and other people’s organizations that pass credit evaluation of PCFC (Type 1)
- b. Non-bank MFIs that meet the following minimum criteria (Type 2):
 - Duly registered with the Securities and Exchange Commission (SEC) and/or the Cooperative Development Authority (CDA);
 - Presence of accounting and internal control systems;
 - No adverse findings; no past due loans and derogatory records on key officers based on the results of credit and background investigation;
 - Presence of full-time manager, cashier and bookkeeper;
 - At least 1 year lending experience;
 - At least P500,000 net worth;
 - Profitable for the current year;
 - Not more than 20% Portfolio at Risk (PAR);
 - At least 300 existing borrowers;
 - At least P3 million in resources.

Types of Financing Facilities:

- a. Agri-Fishery Microfinancing – Credit funds for re-lending to eligible borrowers to finance their income generating agri and agri-related activities
- b. Value Chain Financing – Credit funds intended to finance value chain activities and acquisition of assets for post production/agri-enterprise/agribusiness project

Financing Terms:

- a. Credit Limits: Depends on the MFI’s absorptive capacity, work plan, and target areas to be covered, number of outreach, estimated credit needs and target portfolio
 - Type 1: Up to maximum of P10 million per MFI
 - Type 2: Up to a maximum of P5 million per MFI
- b. Interest Rate: 10%-12% per annum for all types of organizations
- c. Loan Maturity:
 - Type 1: Maximum of 4 years
 - Type 2: Agri-Fishery microfinancing - Maximum of 2 years
Value-Chain microfinancing - Maximum of 3 years
- d. Mode of Payment:
 - Type 1: Principal and Interest – Quarterly
 - Type 2:
 - ◊ Agri-Fishery microfinancing:
 - Principal – Semi-annual
 - Interest – Quarterly
 - ◊ Value-Chain microfinancing:
 - Principal – Based on the cash flow of the project
 - Interest – Quarterly

- e. Security: Assignment of sub-borrowers' Promissory Notes and other underlying collaterals/guarantee cover.

Eligible Sub-Borrowers:

- a. Agri-Fishery Microfinancing: Household heads, spouses or adult working members of small farming/fishing households. Only one member per household is qualified to borrow at a single time under the project.
- b. Value Chain Financing Facility: Microfinance groups/organizations with or without juridical personality composed of at least five (5) members engaged in any post production/agri-enterprise/agribusiness project

Loan Facilities:

- a. Agri-Fishery Microfinancing – Loans shall be used to support any or a combination of farm, off-farm/non-farm income generating activities
- b. Value Chain Financing Facility – Loans shall be used for any of the following purposes:
- Working capital; and
 - Acquisition of assets for agri/fishery product marketing or inputs trading

Financing Terms:

- a. Credit Limits:
- Agri-Fishery Microfinancing
 - Up to a maximum of P50,000 per sub-borrower
 - Value Chain Microfinancing
 - Up to a maximum of P1 million per sub-borrower group/organization but not to exceed P150,000 per member, whichever is higher
- b. Interest Rate: The applicable interest rate shall be based on the prevailing interest rates of the conduit organizations/institutions
- c. Loan Maturity and Mode of Payment:
- Agri-Fishery Microfinancing – Maximum of one (1) year. The amortization schedule shall be based on the household's cash flow. At least 20% of the loan should be amortized either weekly or monthly and the remaining balance to be paid upon loan maturity.
 - Value Chain Microfinancing – The loan shall be payable based on the cash flow of the business but not to exceed three (3) years.
- d. Security - Any or a combination of the following:
- Deed of assignment of acquired assets (i.e. equipment, vehicles, etc.)
 - Joint and Several Signatures;
 - Issuance of post-dated checks;
 - Marketing Agreement (if applicable) and/or
 - Any other acceptable form of collateral/security

2. Program Title: Cooperative Banks Agri-Lending Program (CBAP)

A Memorandum of Commitment between the Cooperative Banks Federation of the Philippines and the Department of Agriculture was signed during the National Food Summit held on April 4, 2009 for the implementation of the Cooperative Banks Agri-Lending Program (CBAP). The CBAP is aimed at enhancing the responsiveness and capacities of cooperative banks and financial cooperatives in providing sustainable lending to agricultural borrowers.

Program Objective: To increase the outreach of government’s agricultural credit funds by tapping cooperative banks as conduits, and to increase the access to sustainable financial services among small farmer and fisherfolk households.

Program Scheme: CBAP funds are coursed through Wholesaler Cooperative Banks and the United Coconut Planters Bank (UCPB) which provide wholesale loans to accredited Retailer Cooperative Banks/ Institutions. The Retailer Cooperative Banks/ Institutions leverage the funds from three (3) to five (5) times and use these in providing microfinance loans to small farmers/fisherfolk and their household members who have viable agriculture and fisheries projects.

Eligible Sub-Borrowers: Eligible borrowers are the household heads, spouses, or adult working members of small farming/fishing households. Only one member per household is qualified to borrow at a single time under the program.

Loan Purpose: Agricultural and fisheries projects of small farmers and fisherfolk.

Sub-Loan Limits:

- a. For borrowers with no collateral
 - P30,000/ha up to a maximum of P210,000 per borrower
- b. For borrowers with collateral
 - The generally accepted industry practice on loan valuations.

Interest Rates on Sub-Loans: Varies depending on the coop bank but shall not exceed 20% per year.

Sub-Loan Repayment:

- a. For agricultural loans:
 - Repayment upon loan maturity depending on the type of commodity but not to exceed two years.
- b. For microfinance loans:
 - Weekly or monthly payments within the term of the loan.

List of Buyers/Suppliers of Poultry and Poultry Products

Poultry Raisers in Central Visayas

1. Association : CEBU POULTRY & LIVESTOCK ASSOCIATION, INC.
 Address : 1st St., Happy Valley Subd., V. Rama Ave., Cebu City
 Tel/Fax No. : (032) 254-1569 / 254-1669
 Chairman : Mr. Santiago “Dodong” Tanchan ; Ms. Joy - Secretary
2. Name : MR. NILO AHAT
 Address : Sikatuna, Bohol
3. Name : MR. FORTUNATO LIMA
 Address : Tagbilaran City, Bohol
4. Name : MR. ANTONIO MANDING, JR.
 Address : Poblacion Baclayon, Bohol
5. Name : MS. ZENAIDA MOTORGO
 Address : Dao District, Tagbilaran City, Bohol
6. Name : MR. ELIAS REFORMA
 Address : Canhangdon, Loon, Bohol
7. Name : MR. DAVID TIROL
 Address : Poblacion Baclayon, Bohol
8. Farm : GERRY GONZALES
 Address : Bahak Rd., Poblacion Lilo-an, Cebu
 Tel/Cell No. : (032) 420-2210 / 0919-394-2162
 Contact Person : c/o Mr. Erben Abucay
9. Farm : CAPURAS POULTRY FARM
 Address : Gutwanon, Bantayan, Cebu
 Tel No. : (032) 272-0622
 Contact Person : Mr. Eulemio Capuras
10. Farm : CEBU HYBRID FARM
 Address : Tupas St., Cebu City
 Tel No. : (032) 261-1504
 Contact Person : Mr. Paterno Luym, Jr.

12. Farm : E JOOLEY POULTRY FARMS
Address : 0347 Zamora St., Poblacion Sibonga, Cebu
Contact Person : Mr. Fabian Jose C. Carilao
13. Farm : EMMANUEL V QUIROS POULTRY FARM
Address : Magay, Compostela, Cebu
Tel No. : (032) 346-5451
Contact Person : Mr. Emmanuel V. Quiros
14. Farm : EN SEPIA FARMS
Address : 563 Cabiton-an, Toledo City
Tel No. : (032) 467-9250
Office : Suite 403 Chong Hua Medical Arts Center, Julio Llorente
St., Capitol Site, Cebu City 6000
Tel/Fax No. : (032) 253-1546 / 416-1770
E-mail : colme@pacific.net.ph
Contact Person : Mr. James Yared Gaite, M.D. – Managing Director
15. Farm : JOLLI POULTRY FARMS
Address : Jaca St., Pardo, Cebu City
Tel No. : (032) 271-605
Contact Person : Mr. Alexander Pampios
16. Farm : JUMMAMEL POULTRY FARMS
Address : Valencia, Carcar
Contact Person : Mr. Julio Aparis
17. Producer : PRIMERA PRODUCERS COOPERATIVE
Office Address : 50 MJ Cuenco Ave., Cebu City
Tel/Fax No. : (032) 412-0991; 256-2163 / 254-7020
Contact Person : Mr. David F. Chan - President/Gen.Manager
18. Farm : EMMANUEL V. QUIROS POULTRY FARM
Address : Magay, Compostela, Cebu
19. Farm : MARCELA POULTRY FARMS
Address : Lourdes, Cortes, Bohol
Tel/Cell No. : (038) 5001-378 / 0918-775-2237
Contact Person : Mr. Henry Borromeo - Farm Manager

Meat/Poultry Processors

1. Company : ANROSE FOOD INDUSTRIES
 Address : L. Cana St., Pob. Minglanilla, Cebu
 Tel No. : (032) 272-5564
 Contact Person : Mr. Antonio Calderon

2. Company : GOLD RIBBON FOOD, INC.
 Address : 948-B Mambaling, Cebu City
 Tel/Fax No. : (032) 261-2365; 231-2366 to 67 / 346-6295
 Contact Person : Ms. Shirley Chua - Area Manager

3. Company : JESUS F. ESCAÑO DEVELOPMENT CORP.
 Address : AS Fortuna St., Mandaue City
 Tel No. : (032) 345-1830; 345-1841
 Contact Person : Jaime Jose Escaño

4. Company : KINGS QUALITY FOOD
 Outlet : 96 Leon Kilat St., Cebu City
 Tel No. : (032) 255-7179
 Outlet : Fuente Osmeña, Cebu City
 Tel No. : (032) 255-0041
 Contact Person : Mr. Mario King
 Factory : F. Pacaña St., Tisa, Cebu City
 Tel/Fax No. : (032) 261-1072 connecting all depts. / 344-3908
 Contact Person : Ms. Enecia V. Tejano - Quality Control Officer;
 Ms. Myrna Prieto - Purchaser/Production
 Website : <http://www.kingsfoods.com>

5. Company : LITO'S SKINLESS CHORIZO
 Address : Dunlog, Talisay, Cebu
 Tel No. : (032) 272-3896
 Contact Person : Ms. Vicenta Belmonte
 Product : chorizo

6. Company : MONTE MEAT PROCESSING
 Address : Nonoc, Larena, Siquijor
 Contact Person : Mrs. Monte

7. Company : MARCELA FARMS INC.
 Address : Ma. Clara St., Tagbilaran City
 Tel No. : (038) 501-8940
 Contact Person : Ms. Estela Naive, OIC

8. Company : PUREFOODS CORPORATION
Factory : Tungkil, Minglanilla, Cebu
Tel/Fax No. : (032) 344-7441; 343-7701 / 420-7377
Contact Person : Mr. Roderick A. Sebastian – Gen. Manager
Office : Gen. Maxilom Ave., Cebu City
Tel No. : (032) 254-6676
9. Company : SAN MIGUEL CORPORATION
Address : M.C. Briones, Highway, Mandaue City
Tel/Fax No. : (032) 345-7453; 345-7454 / 346-0063
Contact Person : Mr. Arturo D. Cariaga - AVP, Corp. Com. Officer;
Mr. Jervel N. Roa - Corp. Corp. Manager
Line : Food, Beverage, Poultry
10. Company : SAN MIGUEL FOODS, INC.
Address : Andres Soriano Ave., Looc, Mandaue City
Tel/Fax No. : (032) 344-0578, 344-0579 / 346-0719
Contact Person : Mr. Emeverto Zalavarría - CEV Reg'l. Operation Manager;
Mr. Jose Martinez Jr. - VISMIN Chicken Manager
11. Company : SWIFT FOODS, INC.
Address : Tabok, Mandaue City
Tel/Fax No. : (032) 346-0564; 421-9881 to 5 / 346-5271
Contact Person : Dr. Armando Benabaye - Branch Manager
12. Company : UNIVERSAL ROBINA CORP.
Office : Lapu-lapu City
Tel No. : (032) 255-6586; 255-0699
Auditing Dep't
Tel. No. : (032) 255-6584
13. Company : VIRGINIA FARMS, INC.
Address : Gov. Cuenco Ave., Banilad, Cebu City/
Mango Ave., Cebu City
Tel/Fax No. : (032) 231-1170; 231-5806; / 231-5966; 253-6131
Factory : Tugbongan, Consolacion, Cebu
Tel. No. : (032) 231-4086
Contact Person : Mr. Felix O. Tiukinhoy - EVP
14. Company : VIRGINIA FOOD, INC.
Address : Compostela, Cebu
Tel/Fax No. : (032) 425-8710; 425-8561 / 425-8709
Contact Person : Ms. Shirley M. Seno - FPM Manager

15. Company : VITARICH CORPORATION
 Address : Estancia, Mandaue City
 Tel/Fax No. : (032) 345-3513; 345-2945 / 345-3516
 Contact Person : Mr. Guillermo Miralles - Manager

16. Company : WILSON FOOD INC.
 Address : Casuntingan Mandaue City
 Tel/Fax No. : (032) 346-9997 / 346-17090

Financing/Credit Institutions

1. Institution : Philippine Crop Insurance Corporation (PCIC)
 Address : 2nd Floor DBP Bldg., Osmeña Blvd., Cebu City
 Telefax No. : (032) 253-8686
 Contact Person : Mr. Antonio S. Uy II – Regional Manager

2. Institution : Quedan & Rural Credit Guarantee Corporation
 (QUEDANCOR)
 Address : G/F LDM Bldg, Legaspi cor. Lapu-Lapu St., Cebu City
 Tel / Fax No : (032) 254-4408 / 253-3089
 Contact Person : Mr. Luis R. Sabar – District Supervisor
 E-mail : qregion7@quedancor.gov.ph; qreg7_afsg@yahoo.com

Bohol
 District Office : G/F 39-B J-F Bldg., Ingles St., Tagbilaran City
 Tel / Fax No. : (038) 501-5623 / 235-4833
 E-mail : qregion7_tagbilaran@quedancor.gov.ph

Negros Oriental
 District Office : Dy-Ho Bldg., Ma. Cristina St., Dumaguete City
 Tel / Fax No. : (035) 226-1662 / 422-6209
 E-mail : qregion7_dumaguete@quedancor.gov.ph

Extension Offices:

Address : San Jose St., Luan-Luan, Carcar, Cebu
 Tel No. : (032) 487-5813
 E-mail : quedancor_carcar@yahoo.com

Address : DA-MES, Sudlon, Maguikay, Mandaue City, Cebu
 Tel No. : (032) 420-3259
 E-mail : quedancor_mandaue@yahoo.com

Address : Looc Poblacion, Jagna, Bohol
 Mobile No. : (0917) 3064141

Address : Poblacion, Talibon, Bohol
Mobile No. : (0920) 2991761

3. Institution : LandBank of the Philippines (LBP)
Address : Osmeña Blvd. cor. P. del Rosario St., Cebu City
Tel / Fax No. : (032) 254-1311; 254-3842 / 254-3842
Contact Person : Mr. Roel Romarate – Vice President, Region 7

4. Institution : Cooperative Bank of Negros Oriental
Address : 170 Hermie Bldg., Cervantes cor. Colon Ext. St.,
Dumaguete City
Tel / Fax No. : (035) 225-5111 / 225-1708/226-3121
Contact Person : Mr. Reynaldo B. Gomez – General Manager

STEERING COMMITTEE

DIR. LEO P. CAÑEDA, CESO III
Regional Executive Director

AMAD – 7

CHRISTOPHER V. LUCERO
Acting Chief, AMAD

ALMA R. CONEJOS
AIIED Section Chief &
Investment Officer

JOCELYN T. PILAPIL
MPD Section Chief &
Marketing Officer

EDEN J. SALAZAR
Investment Research Asst.

DAVID E. AMRINTO
BB/BC Project Facilitator

JONESSA A. OMBOY
Investment Research Asst.

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AMAD Staff

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Secretary/Technical Asst.

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For more information, call, write or visit:

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