

Slaughterhouses Create Market Linkage and Market Assurance to smallholder farmers

Majority of small pig farmers of Nepal are from marginalized underprivileged groups. As per the agriculture census of 2011, there were 5, 40,000 households rearing pigs (mostly less than two) in Nepal. When the pig program of Samarth-NMDP was launched in 2012, there were only 40 registered pig farms. Today, there are more than 1200 registered pig farms scattered around the hills and the plains of Nepal. However, despite the growth in the sector due to improved pig breeding practices, the smallholder rural farmers were finding it tough to market their pigs: majority of the pigs produced in these farms were consumed locally or in the nearby towns.

On the other side, due to rapid urbanization, there is an increasing demand for quality pork in the metropolitan areas. However, since majority of the rural smallholder farmers and local butchers did not follow hygienic practices, there was little incentive to the urban processors and butchers to establish supply chain linkages and procure pork from the rural pig farmers. In order to tackle this problem, Samarth-NMDP is building the capacity of the actors in the supply chain to produce and supply hygienic pork as demanded by the market. The story below on Mr. Kazi Ram Chaudhary and Ms. Lahani Tharu are just a few examples of how the program has been helping the budding rural entrepreneurs and smallholder farmers, like Mr Kazi Ram and Ms. Lahani respectively, to benefit from modern technologies and the urban trade and marketing linkages.

Samarth facilitates the creation of slaughterhouses to establish linkages among processors, slaughterhouses and farmers

Kazi Ram Chaudhary is a promising 34 year old butcher from the district of Bardiya. Prior to his engagement with the program, Chaudhary used to work as a local butcher following primitive butchering practices. With his humble beginnings, he could not dream of establishing his own slaughterhouse but with the support from Samarth-NMDP program, Kazi Ram became one of the first movers to establish a hygienic small slaughterhouse in Bardiya. Today, he supplies high quality pork to processors in Kathmandu.

Before Samarth's initiation, small slaughterhouses were non-existent in Nepal. Although, there had been some effort by the government to build large slaughterhouses in

Thankot and in Hetauda, impractical design and lack of ownership by the private actor had led to failure in the operation of the slaughterhouses. Kazi Ram took the risk and agreed to venture into partnership with Samarth-NMDP to establish a small slaughterhouse following inclusive business approaches. The program upgraded Kazi Ram's butchering skills, helped him to design a hygienic micro slaughterhouse with modern equipment and helped to establish backward linkages with smallholder farmers and forward linkages with processors in Kathmandu on a cost-sharing basis, which amounted to 40% of the total cost of the slaughterhouse. Before partnering with Samarth in 2014, Kazi Ram slaughtered on



Kazi Ram stunning a pig in his slaughterhouse

average 1-2 pigs a day, with a monthly turnover of NRs. 10,00,000. Today, he slaughters about 5-6 pigs a day and sells on average 250 kg of pork in Bardiya itself and has supplied 219 metric tons of pork to Kathmandu (150 tons) and Pokhara (69 tons) till date. With the increase in production, the number of smallholder farmers providing pigs to the slaughterhouse has also increased accordingly. Kazi Ram has already signed contracts with more than 500 rural smallholder farmers and is providing them secured markets backed with a buy back guarantees. Around 80% of the pigs for his slaughterhouse are provided by the local smallholder pig farmers. Just in two years' time, his monthly turnover has tripled to 30 lakhs. He has expanded his business and is currently sourcing pigs from neighboring districts of Banke, Kailali and Dang.

	Year	Monthly Transaction	No. of slaughter/day	Market	Farmer outreach
Before Samarth's Intervention	2070/71	NRs ≤10,00,000	1-2	Gularia, Sanoshree	App. 500
After Samarth's Intervention	2072/73	NRs ≤30,00,000	5-6	Bardiya, Kathmandu, Pokhara	App. 1500 (including 500 contract farming with buy back guarantee)

Buyback guarantee assures market and increase profit of smallholder farmers

Lahani Tharu is one the 500 farmers who supplies pigs to Kaji Ram. She belongs to a Tharu community and is used to rearing pigs in a traditional way following primitive practices such as feeding household waste to pigs and tying the pig under a tree. After securing a buy back guarantee with Kaji Ram, Lahani increased her herd size. She cross-bred the only sow she owned which gave birth to four piglets. Later she sold the sow to Kaji Ram at NRs 35,000 (@190 per kg). The income from the sale of the sow was invested to build a pigpen and to rear the four cross-bred pigs. The income also helped her to supplement her household expenses. At present, Lahani is selling the high quality cross-bred pigs to Kazi Ram at the rate of NRs 200 per kg.



Lahani feeding one of her pigs in her backyard

“Earlier we would have to wait for festivals to sell pigs. But after Kaji Ram provided us with buyback guarantee, we can sell pigs throughout the year. I have now started rearing 2-3 pigs a year and the sales are enough to cover my household expenses.”

Lahani Tharu, Farmer, Bardia

Ensuring scale and sustainability

Building on the success of Kazi Ram, three other small slaughterhouses in Banke, Sunsari and Jhapa have been established with Samarth's support. All four slaughterhouses are currently in operation. The provision of hygienic slaughtering practices have helped the slaughterhouses to penetrate high-end urban pork markets. As a result, five additional slaughterhouses (One in Kavre, Two in Pokhara and two in Kathmandu) have adopted Samarth's small slaughterhouse design and have copied the business model. This has provided a stable market for smallholder pig farmers, encouraging them to rear more pigs and increase their incomes.