Republic of the Philippines
PROVINCE OF BOHOL
City of Tagbilaran

COMPREHENSIVE PROJECT PROFILE

I. PROJECT DESCRIPTION

1. Project Title: Livelihood Enhancement through Improved Native Chicken Production

2. Project Type

The project is a Capital Forming type with technical assistance component involving the production of native chicken in commercial quantity.

3. Project Brief Description

The proposed project will involve the production of native chicken in commercial quantity as a way of enhancing the livelihood of the people within the 15 LGUs in Bohol Integrated Area Development (BIAD)-1 namely; Alburquerque, Antequera, Baclayon, Balilihan, Corella, Cortes, Dauis, Lila, Loay, Loboc, Maribojoc, Panglao, Sevilla, Sikatuna and Tagbilaran City. It is coined "improved" native chicken production because the methods in which the chicken are raised will be an upgrade from the traditional practices commonly applied by our local farmers. Thus, it will defy the established long gestation period of the native variety as one of the major constraints in the production.

4. Project Component

The improved native chicken production will necessary involve the following components, namely:

a) Farmers' training on Improved Native Chicken Production technology
b) Supplemental Feed Production (i,e: corn, camote, cassava, commercial feeds, etc.)
c) Hatching facility (incubator, 1 in each municipality)

5. Methodology

Production

As envisioned, each municipality in BIAD-1 shall serve as production zone, with the 100 proposed beneficiaries selected from among the poorest barangays within the BIAD.

Production of native chicken in an improved condition shall mean that a minimum of 2,000 square meters lot more or less shall be made available as production area. The said area shall be enclosed to secure the animals from intruders. A shed shall be provided for their resting place and serve as their breeding & laying house.

Each recipient or production unit shall be allocated with 30 parent stocks consisting of 25 hens and 5 brood cocks of native variety at 1:5 male-female ratio. The chicken shall follow a natural breeding (mating) and laying process, while hatching will be supplemented by artificial method to save on incubation time. For this, it is contemplated that incubators shall be used for this purpose. Artificial brooding of the chicks will be followed up to at least 15 days before they are allowed to get off from the production house.

With this production scheme, farm population is estimated at 1,780 chicken at any given time. Harvesting of marketable chicken will be made every 16 weeks with an average body weight at 1.2 kilograms live.

The said 5,000 square meters lot shall be planted with corn, sweet potato or cassava to serve as source of supplemental feed. The said crops will also be used to keep the chicken at bay and to prevent them from stewing away from the enclosure. The amount and type of supplemental feed may vary depending upon the capacity of the grower and his ability to attend to the needs of the flock.

However, the need to test the project's operational viability in its production component alone is necessary before the market component will be integrated into the whole project. Along this line, it is contemplated that there will be around 100 farmer-recipients across all 15 municipalities of BIAD-1 who will be involved in the pilot testing for the improved native chicken production. This means the intended market zone shall not activate and everybody shall get involve in the production.

Marketing

Marketing of the native chicken at this stage of the project shall be governed by Free Trade principle. This means that each farmer-recipient has the freedom to choose what market channel he is going to take to gain market leverage. He may sell directly to end consumers or through big market establishments, institutional buyers or to market traders. The farmer may have the option to employ product-mixing and value-adding where profitability is high. In other words, the native chicken market will come to operate in an open market where marketing is more of an art than a science.

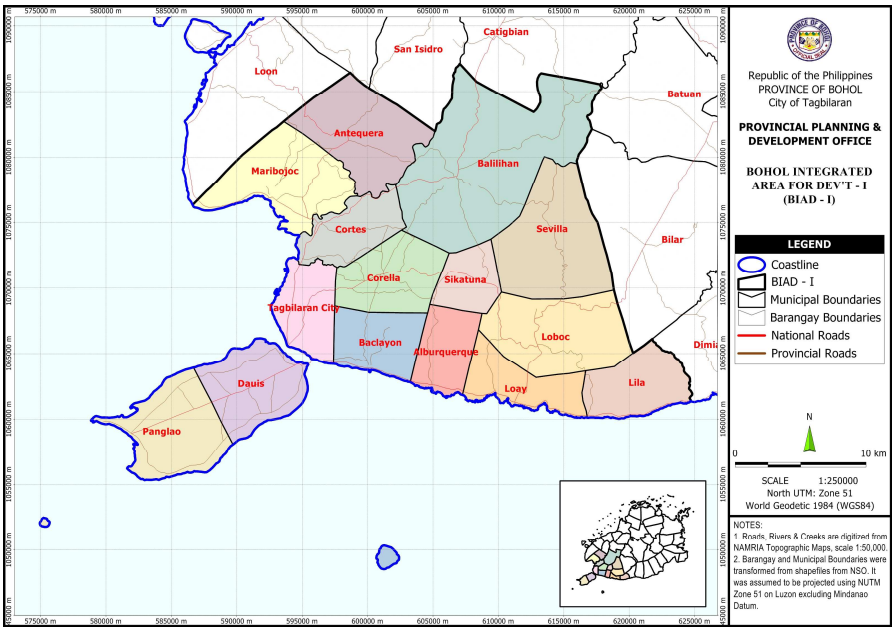
6. Project Location

Scope of the project covers the municipalities of BIAD-1, as follows:

Tagbilaran City	Corella
Maribojoc	Sikatuna
Cortes	Loboc
Balilihan	Sevilla
Antequera	Loay
San Isidro	Albur
Dauis	Baclayon
Panglao	

Geographic Location

The Bohol Integrated Area Development (BIAD)-I is composed of 14 municipalities and 1 city located in the southwestern part of the province, otherwise known as the Southwestern Bohol Development Zone.



Land Area

BIAD-I has a total land area of 80,073 hectares, that represents about 19 percent of the 411,726 hectares total land area of the province.

Population

As of the latest 2007 NSO census of population, the total population of BIAD-I municipalities and 1 city is 314,302 with an average annual growth rate of 1.6 percent, an increase of approximately 12 percent from the 2000 census of population, which is 272,666. Tagbilaran City has the highest population of 92,297 followed by the municipality of Dauis, with a population of 36,525. Likewise, the municipality of Sikatuna has the lowest population of 6,335, having also the smallest land area of 2,675 hectares. By year 2015, the population of BIAD-I will reach 367,790.

II. PROJECT STATUS

The project is currently in its proposal stage and is presently anticipating funding assistance from any interested local or foreign donor agencies.

III. PROJECT JUSTIFICATION

1. Project Background

The province of Bohol has vast potentials in agriculture being a prime agricultural province. It boasts of its large tracks of agricultural land, some of which have remained uncultivated, favorable year-round climate, increasing farm-to-market accessibility and a rich pool of manpower resources. This condition also showcases Bohol as a conducive area for livestock and poultry production, if only given a chance to develop fully. One of the poultry production areas which deserve a second look is the **native chicken** production.

The State of Demand

Future domestic demand for chicken meat in the province of Bohol is to depend on two factors, namely: a) population growth and the amount of food required to meet the nutritional requirement of that increased population, and b) effective demand which is determined by the consumer's income and ability to purchase the right quantities and prices in a specified market time and place.

From the Bureau of Agricultural Statistics Office in Tagbilaran City, we have the following data to consider:

In 2007, human population in Bohol was 1.2 million while annual average per capita consumption for chicken meat was 4.58 kilograms. For the next 10 years, annual growth rate is projected at 2.3 percent. However, net income per capita of P 1,200 is assumed to remain the same despite population increase. With this figure, the annual total demand for all types of chicken combined in the province of Bohol is as follows:

Year	**Volume** (in tons)
2008	5, 267
2009	5,464
2010	5,557
2011	5,697
2012	5,791
2013	5,931

Native chicken is more preferred by individual customers than the rest of the chicken varieties available in the market. It is always leading in the demand anywhere and at any given time due to its extraordinary palatability and aromatic attributes. In fact, market prices of dressed native chicken anywhere in Bohol range at an average of P 180 – P 200 per kilo at retail outlets or about 40% to 50% higher than the other chicken varieties. However, the farm gate price is somewhere at P120 - P130 per kilo live. With this demand scenario, the native chicken in the province of Bohol is attractive and has strong market opportunities.

The Supply Situation

An extract data from the Poultry and Livestock Monitor of the Department of Agriculture, Region 7 is used as reference, to wit:

Table 01. Annual Supply of Dressed Chicken (in metric tons) in the Province of Bohol in the last 5 years:

	2003	**2004**	**2005**	**2006**	**2007**
Chicken	2,824	2,662	2,927	3,102	2,978

The same livestock monitor place the native chicken population at 63% of the total chicken population which is estimated at about 2,037,520 heads. However, this figure appears to be overstated since parent stock population might have been included in this figure. Nevertheless, the said supply figure is dwarfed by the mounting demand at approximately 4.4 million heads per year.

Using the straight line statistical method from the given historical supply data for the last 5 years, annual supply of chicken in the province is computed to have actually grown by a meager 12.8 metric tons per year during the study period. With this figure, future supply of dressed chicken in the market in the next 5 years can be projected, assuming all other things are held constant, as follows:

Table 02. Projected Annual Supply of Dressed Chicken (in metric tons) in the province of Bohol in the next 5 years.

	2009	2010	2011	2012	2013
Chicken	3,003.6	3,016.4	3,029.2	3,042	3,054.8

The Supply-Demand Relationship

In 2009, the base year demand is projected at 5,464 metric tons and is estimated to continue increasing at the rate of 1.8 % annually. In the next 5 years, total demand is projected at 28,440 metric tons. While this is the demand figure, supply in the same base year (2009) is projected at 3,003.6 metric tons and will be growing by 0.42% annually. Over the 5-year period, total aggregate supply is estimated at 15,146 metric tons. With this figure, it is very clear that demand is far higher than supply by about 87.8 per cent.

Realizing this tremendous opportunity to earn more income for our chicken farmers, the Bohol Integrated Area Development (BIAD) Cluster 1 intends to promote micro and small scale enterprise within the BIAD municipalities by embarking on a livelihood enhancement through an improved native chicken production project.

2. Project Linkages

The proposed project directly supports the food security program of the national government as well as that of the province of Bohol which aims at reducing poverty by 50% by the year 2015.

3. Project Objectives

a) To enhance the people's livelihood within BIAD-1 municipalities through improved native chicken production.
b) To provide the farmers with opportunities to earn more income.
c) To teach chicken farmers the improved technology in raising native chicken.
d) To mobilize production resources in the countryside for more productive activities.

e) To contribute to the realization of the food security program of the national and provincial governments.

IV. PROJECT FINANCING

1. Funds needed

For the project to be implemented in the pilot area, it will need the amount of **Four Million Forty Thousand (P 4,040,000.00)** pesos, to cover 80% total project cost since the 20% or about P1,010,000.00 shall be taken cared of by the BIAD as counterpart. The said production and pre-production costs are broken down as follows:

Input description	**Amount**
Pre-Production Inputs:	
a) Improved Native Chicken Production Seminar; 100 farmer-recipients for 2 days	P 40,000.00
b) Site Qualification & documentation	10,000.00
Sub-Total	**P 50,000.00**
Production Inputs:	
a) Chicken house (approx. 40 sq. m.)	10,000.00
b) Enclosure net (approx. 3 rolls; @ 1,500/roll)	4,500.00
c) Foundation stock (50 ready-to-lay pullets @ 150/each)	7,500.00
(10 cocks@ 200/each)	2,000.00
d) Incubator (cap.)	10,000.00
e) Brooding equipment	4,000.00
f) Initial Working Capital	11,000.00
	P 50,000.00
X 100 production modules	P 5,000,000.00
T O T A L	**P 5,050,000.00**

2. Funding source

The project is proposed for funding from any interested local or foreign funding institutions.

3. **Preferred Type of Financial Assistance**
   In as much as the total project cost is relatively small, the funding assistance is preferred to be a **grant** or at most a **zero interest loan** payable in 3 years to ensure the project's financial viability in the midst of fast-escalating prices of major production inputs.

4. **Counterpart Scheme:**
   The 15 municipalities involved in the pilot project are to agree to a counterpart scheme of up to 20% of the total project cost or about P 1,010,000 or P 10,100 per recipient. Since there are 100 recipients to be distributed equally across 15 municipalities, there will be 10 municipalities with 7 recipients and each municipality's counterpart will depend on the number of their recipients.

V. PROJECT BENEFITS and COST

1. **Beneficiaries**
   The project will benefit directly the 100 farmers-beneficiaries within the pilot area in particular and the rest of the chicken farmers of BIAD-1 as well as the chicken industry in general. It will also benefit the end consumers throughout the province of Bohol as native chicken product will be easily available.

2. **Economic and social benefits**
   The implementation of the project will surely spur multi-dimensional economic activities. These activities will raise the income of the chicken farmers in BIAD-1 municipalities in particular and the business community in general. For one, the project will influence growth of the food service industry which will result to increase in income and strong purchasing power of the stakeholders in the industry. As income increases, social benefits in the form of better education, good health and nutrition for the whole family and improved safety and social security consciousness come as an indispensable consequence.

   While the project will cost 2.55 million in capital, it is projected to generate a gross direct income of about 80.5 million annually from the sales proceed of native chicken and egg. Other benefits of the project will come in the form of employment in food service establishments and increased revenues from other proliferating allied micro-enterprises.

3. **Financial Viability**
   a. Cost – Benefit Ratio = 1:1.15
   b. ROI = 115%
   c. PAYBACK PERIOD = 0.87 YR

VI. PROJECT IMPLEMENTATION ARRANGEMENT

1. Responsible agencies

The project will be implemented by each municipality, particularly through the Municipal Agriculture Office in coordination with the Office of the Municipal Planning and Development Coordinator.

2. Implementation schedule

It is estimated that pilot testing of the project can commence within 60 days once funding requirement is available. The said time frame is needed to complete the recipients' qualification process which necessarily includes among others, a thorough site selection for each production module and the conduct of a capability enhancement seminar for our farmers on improved native chicken production.

3. Administrative feasibility

It is contemplated that a **Project Monitoring Team** will be created to oversee the implementation of the Improved Native Production within the BIAD. In the case of the production in pilot area, the project management team shall be chosen from among the MPDCs and the MAOs in BIAD-1 and to select among themselves for the 5 different positions in the organizational structure, as follows:

Chairman
Vice Chairman
Secretary
Treasurer
Auditors
P R O s
Product Development Consultant
Market Analyst

That team shall meet regularly to monitor the progress of the project.

ANNEXES

Improved Native Chicken Production
Projected Income Statement Per Farmer Basis
For one year period of operation

Basic Assumptions:

1. Each hen will lay an average of 150 eggs annually.
2. Only 75% or about 112 eggs from each hen will be allowed to hatch from which 95% or about 106 will reach market.
3. The remaining 38 eggs per hen or about 25% shall be sold as table egg.
4. The foundation stocks of 50 pullets are 4-5 months old and are all ready to lay, and cocks ready to breed.
5. The average weight of the chicken at market shall be at 1.2 kg. live at 4 months old.
6. Supplemental feeding shall be placed at an average of 10 grams per chicken daily.
7. For purposes of analysis, supplemental feed to be used is commercial PDP @ 15.00 per kg.
8. Price for the egg shall be sold at 5.00 each at farm gate.
9. Chicken population at any given time is placed at 3,560 including parent stocks.
10. 10 municipalities have 7 recipients, while 5 municipalities have 6.

Sales: 50 hens/farmer x 106 MC/hen x 1.2 kg/chicken x 125.00/kg	=	P 795,000.00
50 hens x 38 eggs/hen x 5.00/egg	=	9,500.00
TOTAL SALES		**P 804,500.00**

LESS:
Operating Expenses:

Feed: 5,360 chicken x 10 grms/head x 15.00/kg. x 365 days	=	P 293,460.00
Labor: 1 farm aide x 1,500.00/month x 12 months	=	18,000.00
Power & water: lump @ 1,000/month x 12 months	=	12,000.00
Depreciation	=	8,067.00
Cost of Money (ave. 27,000/mo @ 2%/mo. for 12 months)	=	42,120.00
TOTAL		P 373,647.00
GROSS INCOME BEFORE TAX		**P 430,853.00**

DEPRECIATION SCHEDULE

	Amount	ESL (in yrs)	DC
a) Chicken house (approx. 40 sq. m.)	10,000.00	5	
2,000.00			
b) Enclosure net (approx. 3 rolls; @ 1,500/roll)	5,500.00	5	
1,100.00			
c) Foundation stock (50 ready-to-lay pullets @ 150/each)	7,500.00	3	
2,500.00			
(10 cocks@ 200/each)	2,000.00	3	
667.00			
d) Incubator (cap.)	10,000.00	10	
1,000.00			
e) Brooding equipment	4,000.00	5	
800.00			

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P

8,067.00

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INTEREST SCHEDULE

27,000 X 24%	=	6,480.00
27,000 X 22%	=	5,940.00
27,000 X 20%	=	5,400.00
27,000 X 18%	=	4,860.00
27,000 X 16%	=	4,320.00
27,000 X 14%	=	3,780.00
27,000 X 12%	=	3,240.00
27,000 X 10%	=	2,700.00
27,000 X 8%	=	2,160.00
27,000 X 6%	=	1,620.00
27,000 X 4%	=	1,080.00
27,000 X 2%	=	540.00
TOTAL	**P**	**42,120.00**
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