

MASTER PLAN FOR THE LAYER INDUSTRY

MASTER PLAN HIGHLIGHTS

1. The development of this master plan is trail blazing. It entailed extensive participation by the industry stakeholders in Manila and in key cities (Lipa, Malolos, Iloilo, Cebu and Davao) from late November 2001 to May 2002. This is to generate support to a plan, which is truly *industry-crafted, industry-implemented and industry-monitored*. The government and other sectors will only have supportive roles in order that the industry attains a globally competitive posture on or before 2012.
2. The various workshops were participated by the producers, the DA officials, the local government units and other sectors. The discussions were characterized by frankness and sincerity. It also cited the many years of neglect in terms of support and policy making which sometimes led to some skepticism by some industry players. There was citation of the AFMA's implementation. There was a sense of urgency. The industry recognizes its strengths and weaknesses as well as the opportunities and threats it faces. In this light, goals, strategies, key result areas and performance indicators, targets and action programs were formulated.
3. The main industry strategy is developing a cost advantage vis a vis Asian competitors. By 2012, it agreed that unit production cost of eggs to reach at least P2.33 or lower from an average of P2.88 in 2001¹. Knowing regional resource endowment and cost differences, the plan allows flexibility for possible variations at the regional levels.
4. The industry developed targets to monitor its performance. The measures of performance comprise of technical and financial parameters. For the technical parameters, the industry targets to produce eggs not less than 315 pieces per bird by 2012. This can be achieved by reducing mortality rate of layers to 16%-20% per cycle; increasing recovery rate (saleable eggs) to at least 96%; and extending the duration of peak production to at least 15 weeks. Meanwhile, financial measures include the costs of producing an egg and cost of layer feeds.

¹ This is in inflation-adjusted terms and destined for Metro Manila market. Regional differences are likely.

ITEM	2001	2004	2007	2012
LAYER				
• Number of egg/bird/yr. (pc)	237-280	300	310	315
• Depletion rate (%)	20-25	20-25	19-23	16-20
• Recovery rate (%)	90-92	93-94	94-95	> 96
• Duration of peak of Production (weeks)	6-8	9-11	12-14	> 15
• Number of eggs/feeds Consumed (kg)/day	5.9-7.0	7.5	7.7	7.8
FEEDS				
• Feeds cost (P/kg) ¹	12.76	12.76	11.84	11.50
EGG				
• Egg production cost (P/pc) ²	2.88	2.55	2.35	2.33

¹ At 2001 prices

² This is in inflation-adjusted terms and destined for Metro Manila market. Regional differences are likely. See Annex 11 for details.

5. In order to achieve these targets, the strategic directions and action plans of the industry are:

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATORS	ACTION PROGRAM	TIME FRAME	WORKING GROUP
INPUTS					
<ul style="list-style-type: none"> Reduction of input costs 	<ul style="list-style-type: none"> Better partnership between corn suppliers and buyers 	<ul style="list-style-type: none"> Corn delivered to Central and Southern Luzon feed mills at P6.00-7.00/kg from P8.00/kg (2001 prices) 	<ul style="list-style-type: none"> Support DA Corn Program 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> National Egg Board (NEB) DA-AMAS
			<ul style="list-style-type: none"> Direct buying from organized farmer groups 	<ul style="list-style-type: none"> 2002 	
	<ul style="list-style-type: none"> Development of corn substitutes: cassava, sweet potatoes, etc. 	<ul style="list-style-type: none"> Increased usage of corn substitutes No. of farms successfully using corn substitutes 	<ul style="list-style-type: none"> R & D 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> LDC DA-Livestock NEB
			<ul style="list-style-type: none"> Information dissemination 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> ATI RAFC DA-RFUs NEB
			<ul style="list-style-type: none"> Establish pilot farms demonstrating economics use of alternative feed crops 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB DA-RFUs DA-Livestock
	<ul style="list-style-type: none"> Development of substitutes for imported fish meal 	<ul style="list-style-type: none"> Increased usage of local fish meal No. of farms successfully using local fish meal 	<ul style="list-style-type: none"> R& D 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> LDC DA-Livestock NEB
			<ul style="list-style-type: none"> Information dissemination 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> ATI RAFC DA-RFUs NEB
			<ul style="list-style-type: none"> Establish quality standards for local fish meal 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB DA-RFUs DA-Livestock DA-Fisheries

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATORS	ACTION PROGRAM	TIME FRAME	WORKING GROUP
FARM PRODUCTION					
<ul style="list-style-type: none"> • Farm efficiency enhancement 	<ul style="list-style-type: none"> • Improved and modified farm structures and equipment 	<ul style="list-style-type: none"> • Use of new farm structures and materials i.e. temperature controlled houses 	<ul style="list-style-type: none"> • R & D 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • PCARRD • NEB
			<ul style="list-style-type: none"> • Information dissemination 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • NEB • SCUs
	<ul style="list-style-type: none"> • Laying rate • No. of eggs/bird/year • No. of eggs/feeds consumed/day • Recovery rate • Depletion rate 	<ul style="list-style-type: none"> • See Table 6.4 on technical and financial parameters 	<ul style="list-style-type: none"> • Management and technical skills development program 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • NEB
			<ul style="list-style-type: none"> • Benchmarking and best practices dissemination - cross farm visits 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • NEB - individual company initiative
LOGISTICS					
<ul style="list-style-type: none"> • Reduction of logistics costs 	<ul style="list-style-type: none"> • Consolidated purchase of inputs 	<ul style="list-style-type: none"> • Lower inputs cost 	<ul style="list-style-type: none"> • Promotion of bulk/ group importation 	<ul style="list-style-type: none"> • 2003 	<ul style="list-style-type: none"> • NEB
			<ul style="list-style-type: none"> • Commissioning of a study on the economics of bulk importation 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • NEB • LDC • DA-Livestock
	<ul style="list-style-type: none"> • Elimination of cash/check points 	<ul style="list-style-type: none"> • Lower logistics costs 	<ul style="list-style-type: none"> • Advocacy 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • NEB • Livestock, broiler and other industry associations • Local chambers of commerce • Farmers' groups • Truckers' groups • Traders' Groups

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATORS	ACTION PROGRAM	TIME FRAME	WORKING GROUP
MARKETING					
<ul style="list-style-type: none"> Reduction of marketing costs 	<ul style="list-style-type: none"> Producers trading directly to consumers 	<ul style="list-style-type: none"> Volume of eggs directly marketed 	<ul style="list-style-type: none"> Empowerment of producers Information dissemination 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> DA-AMAS NEB
	<ul style="list-style-type: none"> Lower farm gate prices of eggs reflected at retail levels 	<ul style="list-style-type: none"> Farm to retail price differentials 	<ul style="list-style-type: none"> Publish suggested retail price Reduction of marketing costs (farm to retail) 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> DA-AMAS NEB
	<ul style="list-style-type: none"> Increased egg consumption 	<ul style="list-style-type: none"> Consumption to at least 3 eggs per person per week from 1 egg per person per week 	<ul style="list-style-type: none"> Promotional campaign (joint private sector and government funding) 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> DA-AMAS LDC PIA NEB DOH DECS
			<ul style="list-style-type: none"> Feasibility of setting up government buying stations 	<ul style="list-style-type: none"> 2002 	
	<ul style="list-style-type: none"> Eggs sold by weight (now at P55/kg –retail) 	<ul style="list-style-type: none"> Percentage of eggs sold by weight at wet markets 	<ul style="list-style-type: none"> Promotional campaign 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> DA-AMAS LDC PIA NEB
			<ul style="list-style-type: none"> Establishment of selling centers in selected areas (near source) to sell eggs 	<ul style="list-style-type: none"> 2003 	<ul style="list-style-type: none"> DA-AMAS NEB
	<ul style="list-style-type: none"> Non-traditional uses of eggs 	<ul style="list-style-type: none"> Volume of eggs for non-traditional uses 	<ul style="list-style-type: none"> Development of new product line and marketing modalities 	<ul style="list-style-type: none"> 2003 	<ul style="list-style-type: none"> DA-AMAS NEB

B. SUPPORTS AND POLICIES

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATORS	ACTION PROGRAM	TIME FRAME	WORKING GROUP
MARKET INTELLIGENCE					
<ul style="list-style-type: none"> Greater data transparency/accuracy for improved industry self regulation 	<ul style="list-style-type: none"> Population, production, imports & prices 	<ul style="list-style-type: none"> Pooled, timely industry statistics 	<ul style="list-style-type: none"> Price watch website (to be created) 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> BAI BAS BOC NEB
		<ul style="list-style-type: none"> Private entity as depository of layers' data for consolidation 	<ul style="list-style-type: none"> Industry data pooling and dissemination 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB
	<ul style="list-style-type: none"> Reliable and timely industry data and forecasts 	<ul style="list-style-type: none"> Quarterly production forecasts 	<ul style="list-style-type: none"> Egg forecast operational model Support fast tracking of municipal and provincial offices' access to the DA network 	<ul style="list-style-type: none"> 2005 	<ul style="list-style-type: none"> BAI BAS NEB DA-AMAS, LDC
	<ul style="list-style-type: none"> Faster market information i.e. inputs and egg prices 	<ul style="list-style-type: none"> Website access by national cities 	<ul style="list-style-type: none"> Establish websites SMS (texting) 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> DA-AMAS BAS BAI NMIC NEB
<ul style="list-style-type: none"> Competitiveness studies (Thailand, China, and Malaysia) 	<ul style="list-style-type: none"> Industry Competitiveness 	<ul style="list-style-type: none"> Comparative cost and returns and f.o.b/c.i.f. prices 	<ul style="list-style-type: none"> Package project proposal (with cost-sharing between government and private sector) 	<ul style="list-style-type: none"> 2003 	<ul style="list-style-type: none"> NEB DA-AMAS DA-Livestock
ANIMAL HEALTH					
<ul style="list-style-type: none"> Animal Health Monitoring 	<ul style="list-style-type: none"> Disease occurrences/outbreaks Anti-biotic & other chemical residues 	<ul style="list-style-type: none"> Quarterly animal health status report 	<ul style="list-style-type: none"> National animal health surveillance program Government laboratory improvement 	<ul style="list-style-type: none"> 2003 	<ul style="list-style-type: none"> BAI NMIC NEB

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATORS	ACTION PROGRAM	TIME FRAME	WORKING GROUP
R & D					
	<ul style="list-style-type: none"> • More investment in feeds research and new technologies 	<ul style="list-style-type: none"> • Number of studies completed and disseminated 	<ul style="list-style-type: none"> • Studies on processed eggs, farm efficiency and product quality • Inventory of studies 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • DA • NEB • BAI • Colleges and Universities
	<ul style="list-style-type: none"> • Development of breeder farms 	<ul style="list-style-type: none"> • Number of breeder farms 	<ul style="list-style-type: none"> • Feasibility study of GP farms 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • DA-AMAS • NEB
	<ul style="list-style-type: none"> • Training and seminars on new production technologies, animal health standardization and grading system 	<ul style="list-style-type: none"> • No. of training and seminars conducted 	<ul style="list-style-type: none"> • Management and technical skills development 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • DA-Livestock • NEB
FINANCING					
<ul style="list-style-type: none"> • Lower cost and increased access to funds 	<ul style="list-style-type: none"> • Access 	<ul style="list-style-type: none"> • No. of egg producers granted loans every year 	<ul style="list-style-type: none"> • Design and pilot test appropriate credit package 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • Land Bank • QUEDANCO R • NEB • DA-Livestock
	<ul style="list-style-type: none"> • Appropriate financing terms • Cost of money 	<ul style="list-style-type: none"> • Longer grace and repayment periods of loans • < 6% p.a. credit interest from 20% p.a. 	<ul style="list-style-type: none"> • Information dissemination 	<ul style="list-style-type: none"> • 2002 	
LOGISTICS					
<ul style="list-style-type: none"> • Reduce logistic costs from Mindanao to Luzon 	<ul style="list-style-type: none"> • Presence of bulk handling facilities, warehouses of agricultural products, and docking areas in Batangas, Subic, Manila, Northern & Southern Mindanao 	<ul style="list-style-type: none"> • Bulk handling facilities in identified areas • No. of warehouses/area • Improved facilities/area 	<ul style="list-style-type: none"> • Advocacy 	<ul style="list-style-type: none"> • 2003 	<ul style="list-style-type: none"> • National Egg Board • Broiler and swine industry associations • DA
	<ul style="list-style-type: none"> • Lower land transport costs 	<ul style="list-style-type: none"> • Roads built and improved in critical areas 	<ul style="list-style-type: none"> • Advocacy 	<ul style="list-style-type: none"> • On-going 	<ul style="list-style-type: none"> • DPWH • LGU

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATORS	ACTION PROGRAM	TIME FRAME	WORKING GROUP
POLICIES AND LEGISLATIONS					
<ul style="list-style-type: none"> Rationalized MAV corn importers 	<ul style="list-style-type: none"> Restricted accreditation to corn end-users 	<ul style="list-style-type: none"> Volume of imports by end-users 	<ul style="list-style-type: none"> Reformulation of accreditation guidelines 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB DA-MAV Committee
<ul style="list-style-type: none"> Tariff reduction on feed ingredients 	<ul style="list-style-type: none"> Cost of corn 	<ul style="list-style-type: none"> Reduced tariff to 10% after 2004 	<ul style="list-style-type: none"> Advocacy on tariff reduction 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB
	<ul style="list-style-type: none"> Cost of wheat 	<ul style="list-style-type: none"> All wheat to 3% tariff 	<ul style="list-style-type: none"> Advocacy on tariff reduction 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB
	<ul style="list-style-type: none"> Cost of soybean or soybean meal 	<ul style="list-style-type: none"> Tariff of 0%-3% 	<ul style="list-style-type: none"> Advocacy on tariff reduction 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB
<ul style="list-style-type: none"> Industry-responsive PL480 guidelines 	<ul style="list-style-type: none"> Revised guidelines 	<ul style="list-style-type: none"> Allocation of corn, wheat and soybean meal and other feed ingredients to end-users i.e. egg farmers 	<ul style="list-style-type: none"> Advocacy 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB
<ul style="list-style-type: none"> Zero tariff application on agri equipment 	<ul style="list-style-type: none"> Clear interpretation of EO133 re agricultural and industrial equipment 	<ul style="list-style-type: none"> Zero tariff 	<ul style="list-style-type: none"> DA Certification e.g. ventilators, insulation materials, etc. Advocacy for AFMA extension 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> Industry associations LDC BAI
<ul style="list-style-type: none"> Industry friendly business and environmental regulations 	<ul style="list-style-type: none"> Security of tenure of farm sites in production areas 	<ul style="list-style-type: none"> Continuing and expanding farm operation New investments in SAFDZ 	<ul style="list-style-type: none"> Review of land use policy and zoning regulations Advocacy 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB DA Policy LDC
	<ul style="list-style-type: none"> Transfer clearances and permits to provincial/regional levels (from barangay and municipal levels) 	<ul style="list-style-type: none"> Transparent system of recourse for business complaints 	<ul style="list-style-type: none"> Review of Local Government Code Recommend uniform guidelines nationwide 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> NEB DA

6. In order to achieve effective implementation of targets and actions, the players agreed to the following:
 - (a) Broad-based agreement on the master plan's goals, strategies, targets and actions; and
 - (b) Conduct of high level annual implementation monitoring meeting of the industry with the government to keep track of
 - (1) the actions made and the target level achieved by the industry;
 - (2) the actions made by the DA and related agencies to date;
 - (3) the commitments of both parties for the next year; and
 - (4) any adjustments to the plan targets in the face of changing realities in the domestic and global market place.
7. The implementation of the Master Plan will be guided by a Plan Steering Committee. It will comprise at least three members: two from the private sector (one of whom will be Chair) and one from the government (Livestock Development Council).
8. A coordinating officer will head the secretariat. Several Action officers will assist him. Each action officer will be responsible for (a) Input supply and farm production; (b) Logistics and marketing; and (c) Policy and legislation. The Steering Committee will evaluate the function of the Action officers as and when necessary.
9. In order to sustain the plan implementation, a levy and contributions from the industry association members will fund the Plan Steering Committee. The levy will be collected on GP imports at the rate of P20 per bird starting as soon as possible.
10. The Committee on Poultry, Livestock and Feed Crops of the National Agricultural and Fishery Council (NAFC) will monitor the Plan's achievement and targets at frequencies that will be mutually agreed with the Plan Steering Committee.