

Summary of AgREN Discussion on the Scope and Limitations of Privatised Agricultural Extension

1 Introduction

AgREN hosted an e-mail discussion on the subject of privatised agricultural extension, March 10-21. Agricultural extension finds itself in the midst of significant changes and uncertainty. Declining government budgets (and waning donor interest) have led to significant cuts in public extension services. Those public services that remain are under increasing pressure to provide an accountable and responsive service to citizens. At the same time, the retreat of governments from managing agricultural input and output marketing, a diversification in the sources of agricultural research, and increased opportunities for trade, have opened many new opportunities for the private sector, including extension provision.

Although new private initiatives offer many opportunities for commercial farmers, there is less certainty about the implications for resource-poor farmers whose connections to, and command of, markets is much more tenuous. It is generally recognised that many of these farmers have been poorly served by conventional, public sector extension in the past, but does a call for “privatisation” of extension imply any greater hope for them? Can private extension initiatives serve the needs of commercial farmers (in order to strengthen the contribution of agricultural markets to economic development) and at the same time redress the neglect suffered by many resource-poor farmers whose production is principally for subsistence? What exactly is meant by private extension? Is it a single entity or a broad set of principles? What has been the experience to date, and what policy lessons might be learned?

¹ For further informations see <http://www.rimisp.org/agren03>

A longer treatment of the subject, building on the e-mail discussion, is available in the July 2003 issue of AgREN (R. Chapman and R. Tripp, “Changing Incentives for Agricultural Extension – A Review of Privatised Extension in Practice” AgREN Paper No. 132).

AgREN

ODI's Agricultural Research and Extension Network (AgREN) was established in the mid-1980s to link policy-makers, practitioners and researchers in the agriculture sector of developing countries. AgREN was founded on a strong belief in the importance of information exchange and learning from both positive and negative experience. It aims to provide its members with up-to-date information and the opportunity to maintain a dialogue with others who have similar professional interests.

Recent areas of focus have included:

- Supporting seed systems
- Partnership in agricultural extension
- Poverty and degradation of natural resources
- Integrated pest management
- Agricultural knowledge and informations systems

The network is linked to the broader research of the ODI's Rural Policy and Environment Group. The programme generates research-based policy advice on ways of increasing the effectiveness, efficiency and accountability of rural resource management and agricultural service delivery.

AgREN currently has around 900 members in more than 100 countries. Over 60% of members are based in developing countries. Members come from: international and national aid agencies; national governments in developing countries; university and research institutes; non-governmental organisations, and the private sector.

The AgREN e-mail discussion attempted to explore these issues. This paper summarises the major findings. The Section 2 looks at some of the examples of private extension that emerge spontaneously, such as contract farming, other linked activities, the efforts of producer associations, and the case of veterinary services. Section 3 introduces recent attempts to use private incentives (the development of a competitive market of extension providers and the empowerment of farmers to choose and monitor extension service) but often supported by significant public funding. Section 4 reviews issues in the management of private extension and Section 5 draws conclusions.

2 Private Extension Linked to Commodities or Inputs

Any discussion of private extension must acknowledge that there are several different types of activity that may qualify for this label. There are a number of instances of private extension activity that emerge more or less spontaneously with the development of agricultural markets. One of these is related to contract farming. For instance, farmers in Kenya who grow horticultural crops on contract to exporting firms can expect to receive some advice and support on crop management, not only to ensure the exporter of good quality produce but also to provide a benefit to the contracted farmers. However, this advice is narrowly focused on the crop in question, and farmers have little choice about the content or nature of information delivery. Other examples may also link extension advice to the delivery of a commodity or the purchase of inputs. Several recent examples from India show how commodity firms or input suppliers may be motivated to provide extension services (e.g., crop management advice, weather reports) to their clients. The provision of this service may be strictly linked (so that farmers who are not clients of the firm are excluded from the service), or may be provided as an inducement (e.g., to encourage farmers to sell their harvest to a particular buyer). These cases also illustrate the challenge of defining what constitutes "extension", as only a fraction of the services provided in this way qualify as conventional extension advice.

In other cases, a commodity-based link is initiated from the farmers' side. A good example is the activity of producer co-operatives or commodity associations that organise the provision of extension advice on behalf of their members. For instance, cotton farmers in Benin receive extension service paid for in part through a levy on their crop and organised by a national producer association. Again, such advice is usually commodity specific, and farmers may have little say in its content or direction.

Another clear example of private extension found in many parts of the world is veterinary service. Although the state has often provided veterinary services, there are many instances of a parallel private market, par-

ticularly for curative services on a fee basis provided by veterinarians or dealers of pharmaceutical products. The motivations for such service are clear: livestock keepers are willing to pay for good quality advice and products to maintain the health of their animals, which represent a valuable stock of savings and source of income. As long as there is adequate choice and competition, farmers have a chance of receiving an efficient service. The example has implications for crop extension: farmers are willing to pay for extension service, but particularly when it is related to issues of significant economic importance and involves fairly straightforward, targeted measures. In addition, preventive measures and public goods issues in livestock management (just as in crop extension) are less likely to see the spontaneous development of a market for private provision.

3 The Introduction of Private Incentives to General Agricultural Extension

The examples in the previous section illustrate how commercial opportunities for specific commodities or inputs can elicit various types of extension service provided by the private agricultural sector. Although it may be agreed that these types of service should be encouraged to expand, they do not come close to fulfilling the breadth of activities normally included in agricultural extension. In some instances in Europe and North America, more generalised private extension markets have developed to meet a broad set of needs. In the UK, for example, a private extension sector has been active for many years, even before the official privatisation of the public service. But such examples involve relatively large, commercial farmers, and even in the North there is evidence that they do not reach smaller, less economically robust farms. There is thus a concern that such privatisation will not come close to addressing the much more diverse, and often more subsistence-based, needs of the majority of resource-poor farmers in the South. In these cases, general calls for "privatised extension" may be diversionary or irrelevant unless more thought is given to how private incentives might be directed towards the reform of conventional extension.

One of the first steps is to recognise that, as opposed to conventional public sector extension, it is possible to separate the funding of extension from its delivery. In particular, public funds can be used to support (fully or partially) extension delivery by private agents. The justification for this is that it can provide a more responsive and accountable extension service and that it will empower farmers to be able to seek out and evaluate relevant advice. The challenge is to institute this type of reform in an equitable and efficient manner. There are some examples from Europe where these experiments are underway. Probably the longest experience in the South is found in Chile, where such a system has been developed and refined (and is still in the process of evolution) over the past 25 years. A major experiment in Africa is recently underway with the NAADS in Uganda, where farmer forums at the local level are being constituted to use funds provided through local government to identify and contract private extension providers.

It is also important to understand that whilst in many cases such experiments in private extension are meant to “replace” the public service, it is not a case of a one-for-one exchange, where a monolithic public provision system is substituted by a single, subsidised, system for contracting private extension providers. The hope is that this is simply one step towards a significant diversification in extension provision, where a wide range of providers, contracted or directed through various modalities, are available to farmers.

The implications for the public budget are less clear. In most cases significant initial public (and/or donor) support is required. In theory, this support decreases over time, as farmers are more able to recognise and demand the type of service they require and a competitive extension market brings prices down. But whether this will happen in practice is another question. It will surely depend to a considerable extent on farmers’ ability to pay the full price of extension; for the poorer sectors of the farming community this day is far away. Experience to date, at least in the South, seems to indicate that significant public funding will continue to be important for the foreseeable future.

4 The Management of Privatised Extension

It is important to review issues related to the management of privatised extension (both the “spontaneous” type that emerges with agricultural commercialisation and the experiments to introduce private incentives but often with public funds). The issues include the development of a supply of extension service, the organisation of farmer demand for that service, the nature of the service provided, and the ability of such systems to reach poorer households.

A key to any type of private extension is the availability of skilled service providers. Until recently in most countries the majority of this expertise has been concentrated in the public extension service. In theory, such extension agents can establish new careers in the private sector. This has happened to some extent in Europe, but the transition is not always easy. In Uganda, much reliance is being put on the staff of NGOs. In Guatemala, farmer organisations encouraged to hire extension agents have tended to favour local personnel, which has the advantage of increasing the communication between farmers and the agent, but may imply some sacrifice in technical skills. A programme in India is training agricultural graduates (and providing loans) to help them establish their own consultancies. There is a need to think about how such extension agents will be trained, and the conditions of service that will induce someone to follow this career when it is no longer linked to a protected civil service position.

In cases where farms are very large, or there is high demand for a individualised service (such as veterinary treatment), privatised extension may be managed on a farm-by-farm basis. But in the majority of the cases that were reviewed, the service is channelled through some type of farmer organisation. In these cases, a challenge is to identify the type of farmer organisation that is most appropriate for this purpose. In some of the “spontaneous” cases, commodity-based organisations already exist and these are a natural conduit for extension advice. But dealing with smaller farms and more diversified needs requires a different type of organisation. There is not yet enough experience to assess the degree to which organisations purposively formed to provide an interface with an extension market will be effective. For instance, private extension provision will

have to deliver a certain minimum level and value of service to elicit broad-based and vigilant participation from farmers in the organisation that is responsible for contracting and monitoring. Experience (outside of private extension) has shown that it is easier for external agencies to form groups of subsistence cultivators than it is to guarantee that they will be self-sustaining. In a number of cases (such as Uganda) the administration of the private extension is linked to decentralised government structures (that provide the funds and liaise with farmer groups). Although a structure of farmer groups and forums is being developed, much will depend on the ability of the majority of resource-poor farmers to make their voices heard and to develop the capacity to evaluate the services provided in their names. As many governments are involved in decentralisation, this can provide an impetus for private extension, but if the decentralisation process itself is badly managed (e.g., decentralisation by default), then the prospects are not good. In addition, there are many past examples of farmer organisations that get involved in political collusion and do not serve the needs of their members.

A further issue for privatised extension is an understanding of exactly what type of service is to be provided. No matter what the future of privatised extension, it is widely acknowledged that the traditional model of top-down, uniform instruction on crop management recommendations (characteristic of much public extension) is far from the requirements of today's farmers. In the first place, where extension is successful, it is more likely to involve strong farmer participation and to feature joint problem solving rather than standardised solutions. To what degree such requirements can be met by building farmers' capacity (to solve their own problems), farmer organisation (to seek joint solutions), or an efficient market for extension advice (responding to clearly articulated farmer needs) remains to be seen. Secondly, public agricultural extension has traditionally been seen (although not always functioned) as a conduit between farmers and public agricultural research. Public research must face some important changes itself, and it is not clear how private extension might fit in. Thirdly, the technology for providing extension service is changing and it is necessary to consider how things like FM radio (as well as more effective use of traditional print

media) can be marshalled in support of new extension modalities. Finally, and of particular concern, is the realisation that any private extension system will naturally tend to concentrate on those issues that have the highest immediate payoff to farmers. The limited experience to date indicates that when participating in private extension farmers express much lower demand for long-term environmental management issues. This has traditionally been an area of concern (although not necessarily of accomplishment) for public extension. It is important to understand how to structure the incentives of private extension systems towards environmental concerns.

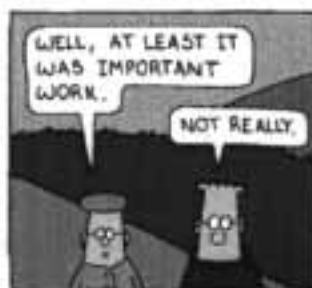
The targeting of private extension is also an important issue. Although the demise of public extension may be seen as an abandonment of the cause of resource-poor farmers, that argument requires a specification of how well public extension has served the poor in the past. The term "private" in agriculture is immediately associated with larger, commercial farmers, and indeed the emergence of many types of private extension bears this out. In this sense, poorer households may not be able to take advantage of privatised extension. But the discussion has shown that there are also models in which public funding and public policy can structure the incentives that characterise private markets in the service of more equitable agricultural development. This will not be an easy task, however, and it requires broad-based and knowledgeable participation from farmers themselves and adequate monitoring and regulation. It is also acknowledged that this will require a significant level of subsidy in those cases where there are many resource-poor farming households who are not able to pay more than a fraction of the actual cost of the service provided. At a time when public extension services are being severely cut (for budgetary reasons), there is a need for devising the most cost-effective system possible.

5 Conclusions

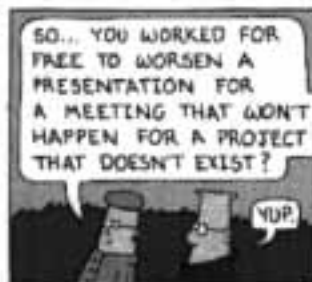
The AgREN e-mail discussion on the scope and limitations of privatised extension raised more questions than it answered. This is understandable for a concept that is relatively new and applied in a wide range of circumstances. Perhaps one contribution of the discus-

sion was to help delineate the different variants of privatised extension. The discussion also helped identify the type of information that is needed to get a clearer picture of the management and policy requirements for any move towards privatised extension. Concerns include the skills and incentives available for the providers; the capacities of the farmers to contract for the service; the fact that some types of service are much more amenable to private provision than others; and the importance of assessing the equity implications of any reform in extension policy. A widely-agreed conclusion was the considerable amount of time and experimentation required for the evolution of any comprehensive privatisation of extension and hence the crucial need for more experience, evaluation and analysis from the field to help guide the process.

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