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# Reader: Reforming Rural Service Provision

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***Correct Citation:***

C. Hess, Ehret W., Hagmann J. Birner R., Neidhardt R., Schmidt U. and Braun P-M. (2007) "Reader: Reforming Rural Service Provision",

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, Eschborn, Germany, 67pp

[www.gtz.de/agriservice](http://www.gtz.de/agriservice)



Version 09/2007

## Reader: Rural Service Provision



Imprint

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Published:

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Eschborn 2007

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## I. Introduction

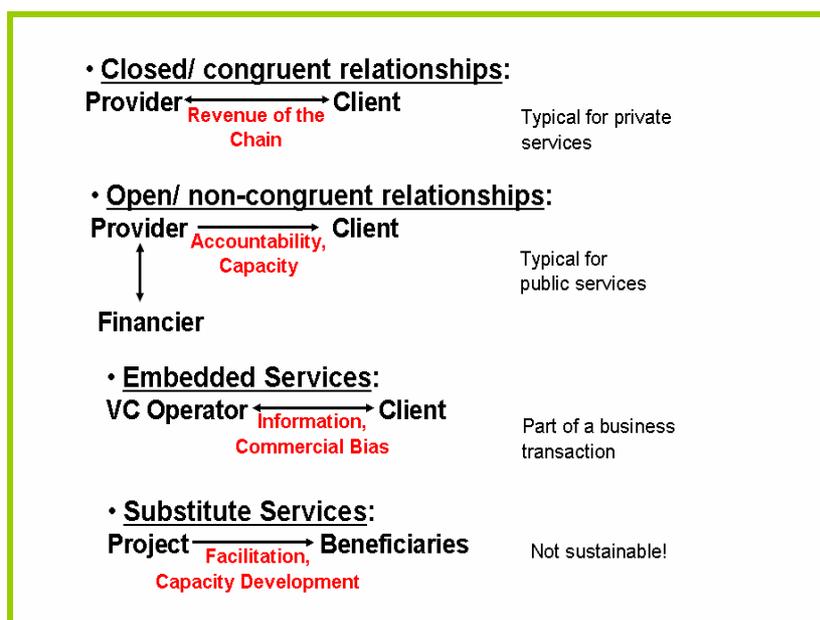
(C. G. Hess and P. - M. Braun)

Rural services comprise agricultural extension, advisory and research, regulatory and quality ensuring standards, business development, information and training. These knowledge services shall assist agricultural producers in improving productivity, income, marketing, food security, political and economic participation, or investment (see also our Reader on Knowledge Management). Financial, health and education services in rural areas are not covered here.

Rural knowledge services need to be affordable, relevant, responsive to demands and available to the majority of producers (clients). In addition, these services should conform to current technical and methodological standards. Hence, providers of knowledge services should be well connected with applied agricultural research, technological innovation and information as well as educational institutions. Therefore, access to modern Information and Communication Technologies (ICTs) is crucial, too (see our Reader on Media for Rural Development). Service providers may then become the interface between digital information and rural people (e.g. market and weather information, technologies, inputs).

Reforms of rural services focus on enhancing their client- and demand orientation, their outreach (scaling-up) as well as their institutional efficiency. For a better understanding of demand orientation, it is useful to distinguish congruent and non-congruent service relationships (Box I-1).

### Box I-1 Basic Types of Service Relationships



Source: P.-M. Braun, GTZ

If a client pays the service provider directly, they entertain a closed or congruent relationship. If a third party pays the service, the relationship between provider and client is called open or non-congruent. This is the case in many development programmes in which donors pay providers for rendering services to a rural clientele. The arrangement is inherently inefficient, since the provider needs to satisfy the financier (donor) first. But client- and demand-oriented service provision should preferably rest on congruent relationships in which clients (here: farmers) order and pay the services directly (see Huppert and Urban: 1998). However, this does not mean that all services must be paid with the farmers' own money. Currie and Hoffmann (2004) describe how farmers' associations in Baden-Württemberg, Germany hire private agricultural advisors, whilst their salaries are paid with public and farmers' funds (see Special Papers). The situation in development contexts is that poor agricultural producers usually live in remote areas inadequately connected to marketplaces and cities. Service delivery to such a clientele cannot be cost-efficient due to high transaction costs and is therefore not attractive to commercial providers. Still, it will be necessary to ensure more and better services for those clients and make service providers accountable to them. Consequently, commercial providers will need incentives for attending the poor.

Reform efforts have to take into account that the "service landscape" has considerably changed since the 1980s. The almost complete break-down of public service provision to rural people resulted from Structural Adjustment Programmes as well as from the World Bank's withdrawal to continue support of public extension systems, known under the label training and visit in the late 90s (see also our Reader on Extension and Research Approaches). Also many other donors withdrew from institutional reforms of extension and research systems.

In the meantime a large number of service providers emerged: NGOs, farmer and civil society organisations, bilateral and multinational development programmes (substitute services, such as facilitation and advice), consultancies, private and public service providers and traders (embedded services). Additionally municipalities have taken over development responsibilities in a number of states. To this pluralism of providers adds the agricultural education and research system as well as micro-finance institutions. They all have been challenged to fill the service gap left by the crumbling public sector. However, due to the disadvantaged location, most agricultural producers were falling into a widening service gap. Therefore Northern donors are interested again to support service provision to rural populations. But they agree that an alternative or addition to publicly financed and publicly provided extension and advisory services must be found. Over the last years donor agencies have been exchanging ideas and experiences on how to reform service delivery to rural producers. This Reader portrays five frameworks for service reform, which reveal a high degree of conceptual congruence and make clear that the reform process requires comprehensive capacity development. Common features are:

- qualified service demands by farmers,
- decentralised decision-making and coordination,

- cost-sharing,
- farmers' control over funds,
- open funds,
- service markets,
- qualification of providers,
- monitoring and evaluation of impacts,
- policy issues and the new role of the state.

### **1.1 Qualified service demands**

In an efficient service system, rural producers must be considered and treated as clients. Clients' demands must be the starting point for service delivery. In order to reach high numbers of clients and keep a check on transaction costs, it is considered necessary that farmers are organised in groups. If there are traditional communities, villages, or clans, services can be provided efficiently to them as well. A positive starting point is the existence of producer associations, cooperatives, or straightforward interest groups (e.g. for producing and marketing of tomatoes). Otherwise the forming of recognised groups has to be encouraged, because producer groups can discuss, analyse and prioritise their service demands better; they can also organise the delivery and share the costs of services. Service demands should result from a thorough analysis and prioritisation by farmers to avoid shopping lists. The issue of service costs needs to be clarified too.

The Neuchâtel Initiative (2006) points to the need to provide neutral facilitation to large groups. Then, farmers will be able to examine local problems as well as opportunities better and to specify those services that are most helpful for improving their well being. Neidhardt (2005: 20-22) argues along a similar line and strongly recommends fostering local capacities for formulating and demanding quality services in a way, which providers can understand (see Special Papers).

### **1.2 Decentralised decision-making and coordination**

Although Structural Adjustment Programmes had some quite drastic consequences, it might be seen positively that in many countries, today, it seems possible to delegate decision-making about services to lower and lowest administrative entities (subsidiarity). The logic is easy to follow; those who live and work close to rural people have a better idea of what is needed in the region than those living far away. Moreover, in order to link service demands with service supply promptly and effectively, service managers must work where the action is. District development plans (or their equivalent) provide the chance to address local issues and to coordinate efforts for improving service delivery to farmers.

### **1.3 Open budgets**

Quick service provision requires open funds. These funds may contain government and donor money, be mixed, parallel, or basket funds. A lean management of funds close to the clients of services is

highly recommendable. Fiscal decentralisation in some countries offers the opportunity to implement open funds. Pluralistic service provision calls also for pluralistic financial support. Services must not be financed by the Government but can be co-financed by NGOs, the private sector and the clients themselves. In this way, service users and providers become increasingly independent of Government influence

#### **1.4 Cost-sharing**

Many donors agree that a fee-for-service will ensure that farmers select only those services they urgently need and from which they expect a return on their private investment. Moreover, if farmers pay – at least partially – for services, providers are held accountable for prompt delivery of quality services. The degree to which service provision should be subsidised may vary from zero to a 100%. The Neuchâtel Initiative (2006) argues that funding basic infrastructure, education, human health or environmental protection are public goods and should remain a public responsibility. Public funding makes also sense in the case of objectively resource-poor, cash-poor people, living in remote places and with little potential for commercial production. A voucher system may help this clientele to select service providers of their own choice; unfortunately, the voucher system is liable to corruption. On the other side, services of private utility to commercial farmers should not be subsidised by the Government. The degree to which all farmers will be asked to share the service costs will depend on the monetary benefit they are gaining through the service. The higher the farmers' financial contribution, the more accountable service providers will be to them. However, key to client- and demand-oriented service delivery is that farmers pay for the services they receive.

#### **1.5 Farmers' control over funds**

Farmers are immediately empowered as clients if they gain control over service funds. This arrangement enhances the accountability of service providers.

FEAS in Peru represents a positive example. Between 1993 and 1999 FEAS provided 626 Peruvian communities with 7.6 Mio US Dollar for purchasing technical assistance of their choice. The traditional Andean communities had no difficulty in using the funds in a responsible and reliable way (Box I-2).

**Box I-2 FEAS: Technical Assistance for Communities in Highland Peru**

Through the FEAS project in Peru, Andean community organisations received and managed funds to organise their own technical assistance services such as advisory services. Communities interviewed candidates and selected and contracted the advisers; they supervised their work and evaluated the results; if necessary, they suspended the contracts; they managed their own bank accounts and prepared accounting reports to be presented periodically to FEAS and to the Communal Assembly – the traditional Andean decision-making institution.

The lessons learnt have been the following:

- The organisations had no significant problems in managing their accounts in an efficient and honest way;
- The funds available attracted the interest of agricultural advisers. Many of these were then living in the communities, where they worked;
- At the beginning, much of the technical assistance was introduced by the advisers themselves, but the communities gradually learned to identify and prioritise their own problems and needs;
- Soon the communities were formulating more specific demands and also diversifying into non-agricultural areas, such as small-scale agro-industries, traditional handicrafts, aquaculture or marketing.

Source: Neuchâtel Initiative 2006:20

**1.6 Service markets**

The articulation of service demands, as well as farmers' control over funds can lead swiftly to the emergence of a service market. This has been partly the case with FEAS (Box I-2), as well as with NAADS in Uganda (Box I-3). Incipient service markets will not always offer all demanded services from the start. Moreover, services provided may be of inferior quality. Therefore, business development programmes and training institutions should offer technical knowledge and managerial skills for service providers. The existence of a service market has a number of implications for services providers: they have to compete, need to market their services, must deliver quality and adapt to changing demands.

Box I-3 provides the example of NAADS (National Agricultural Advisory Services) in Uganda. NAADS were created in 2001. They use public funds to finance service delivery by NGOs and private enterprises. In contrast to FEAS, funds are not transferred to communities. Instead, farmers' proposals are collected, prioritised in Fora and contracted-out to private providers. There is also evidence that a market of service providers is emerging.

**Box I-3 National Agricultural Advisory Services in Uganda**

NAADS has the following design features:

1. Decentralization: The lowest tier of local government (sub-county administration) is responsible for awarding extension contracts. A system of regulations and technical auditing for the extension and advisory service contracts was established.
2. Farmers' empowerment: Farmers are encouraged to form interest groups at village level, sending representatives to Farmer's Forums at sub-county level to set priorities for extension activities.
3. Outsourcing: Services are contracted-out to private or NGO service providers in a competitive process using the public procurement system.
4. Market Orientation: Extension services relate to productivity but also to marketing advice and to linking farmers to national or international markets and additional support systems.
5. Cost-recovery: NAADS started as a publicly financed service. The expectation is that farmers slowly contribute to the service costs with a fee.

There is some evidence that villagers do benefit from NAADS in terms of increased income.

Source: Jock Anderson, unpublished draft, Feb. 2007

**1.7 Qualification of providers**

Rural service markets with a pluralism of providers are emerging in many countries. Yet, their service quality is often not up to the standard required. Moreover there are serious gaps in coverage. The qualification of new service providers or the re-training of "old" monopoly providers is an important task of rural development programmes (see our Reader on Quality Management).

In Kenya, the PSDA Programme supports emerging service providers in the fields of training and advisory services as well as in certification (see AGRISERVICE Bulletin # 13). The providers also receive support for the development of curricula, handbooks and staff as well as for acquiring their first service contracts.

Embedded services, such as technical advice from agricultural input dealers, can be qualified too. There are numerous examples of training dealers of pesticides, equipment, fertilisers, seed and veterinary drugs in providing competent advice to farmers. The advantage of embedded services is their cost efficiency (low transaction costs) because the network of dealers already exists and is used by a large number of farmers. The commercial bias of the dealers puts a limit to their advisory services. They are efficient in rendering information services but can neither create innovations nor train farmers; – for these purposes research, advisory and educational services are still needed.

**1.8 Monitoring and evaluation**

Donors are very eager to obtain data for steering programmes and as proof of progress, effectiveness, cost-efficiency and impact of demand-oriented public-private service delivery. The monitoring data needs to be further differentiated often on impact for different strata of the target group. We therefore

stress the importance of sound impact monitoring and evaluation systems. Donors ask mainly for quantitative performance indicators for the investments. Nowadays there is more concern with increasing farmers' income and well being than with indicators related merely to agricultural productivity or social capital, although these issues may be interdependent.

ATMA in India is an interesting example for effective public service provision. Different to FEAS and to NAADS, ATMA is a reformed public extension service while public line departments deliver most services (Box I-4).

#### **Box I-4 Agricultural Technology Management Agency in India**

ATMAs are district-based Registered Societies, government-owned but not government-ruled. Since 1999 ATMAs receive financial support by the World Bank in pilot areas. In cooperation with NGOs, ATMA facilitates farmers' participation in planning and implementing extension services. It also cooperates with other public line departments and private sector players to deliver the demanded extension services.

Preliminary evaluations are positive and encouraging. ATMA recorded an increase in farmers' income of an average of 24% in project districts, compared to 5% in non-project districts. Areas for commercial crops increased in the case of horticulture from 12 to 16%; oil seeds from 3 to 11%; herbs and medicinal crops from 1 to 5%. The area of cereals declined from 55 to 47% but yields increased by 14%. ATMAs' approach was expanding in an impressive pace over the last 5 years.

Source: Jock Anderson, unfinished draft 2007

Another remarkable case is SIBTA in Bolivia. SIBTA is a national foundation for agricultural research and extension in which competitive funding supports farmer demands for technology.

**Box I-5 The Bolivian system for agricultural technology**

Bolivia has opted for a largely privately organised system of agricultural research and extension (SIBTA). The system involves four foundations for each of the country's four agro-ecological regions. Delegated by the Government, the foundations have to organise agricultural research and extension at producer level. About 70% of the members of the foundations are private organisations (farmer unions, producer organisations, etc.) and the other 30% are public institutions (municipalities, universities, etc). The foundations act as brokers and have technical and administrative autonomy to manage public funds as well as to organise a market between demand for and supply of agricultural technology. The system depends completely on the demand of farmer groups who propose project profiles. These profiles are standardised and put out to tender by appropriate public or private service providers to develop these profiles into projects and to compete for execution of the projects. The foundations define the most promising commodities for agricultural development within their regions. Analysis of the corresponding value chains and production bottlenecks are the guiding principle for the demand-based projects of technical innovations. The projects are financed by a competitive fund. The Bolivian Government contributes to funding through a loan of the Inter-American Development Bank and the major international donor agencies.

Source: H.-G. Jansen 2005: Agriservice Bulletin #13: 11-12.

SIBTA, FEAS, NAADS and ATMA exemplify new arrangements for providing and funding extension and advisory services by the public and the private sector. They also illustrate that there is no best rule for providing and financing rural services. Success depends very much on an intelligent interweaving of organisations, financial resources and technical know-how, which may lead to demand-led, effective and efficient service provision.

**1.9 New role of the State and policy issues**

Donors and implementing agencies developed the vision of service markets on which agricultural producers should be able to buy the advice and services they need from qualified service providers of their choice (see Box I-6). In such a scenario, the State turns into a manager displaying public and private sector characteristics (New Public Management).

Accordingly, the State should

- support and facilitate the identification of service demands by rural groups;
- link farmers' demands to adequate service providers;
- attract qualified service providers to the local market-place;
- provide and manage public service funds;
- provide services for public goods;
- compete for private goods' services.

**Box I-6 Major challenges for the public sector**

The new service paradigm implies a fundamental policy shift in relation to the national roles, responsibilities and relationships of the public sector ministries, their extension and technical departments. Their new roles will be as “national and local facilitators” in assuring coordination, client coverage and quality assurance in services provision. Their key challenge will be how effectively they can grow into their new roles to work in partnership with increasingly organised farmer stakeholders and stronger non-public service organisations in an evolving pluralistic service system.

Decentralisation policies give local/regional government structures and systems increased responsibility for rural service provision. Decentralisation processes involve a complex mix of political, fiscal, administrative and programme components. This mixture poses major challenges in areas such as service planning, coordination and delivery, not just for Government personnel, but also for sector ministries and local service organisations. The extent to which organisational learning cultures are based on high quality local stakeholder participation will replace traditional autocratic and often dysfunctional administrative structures. This will be the crucial test of whether decentralisation can deliver improved services to rural communities or not.

In order to change the modus operandi to demand-driven, responsive and financially sound service provision, enabling policies, guidelines, and legal frameworks must be in place. Sector policies for agriculture are relevant but moreover policies for general economy, trade, infrastructure, cooperatives, decentralisation, and the organisation and regulation of the services sector are important, too. Legal frameworks need to be reviewed, which allow new actors to operate within their given space. They have to take into consideration the changed roles of service providers. The harmonisation of donor activities among each other and with national Government strategies is a relatively new topic on the agenda. It is demanded by OECD-DAC agreements (see: [www.oecd.org/dac/](http://www.oecd.org/dac/)), the “Paris Declaration on Aid Effectiveness (see: [www.oecd.org/dataoecd/0/27/34504737.pdf](http://www.oecd.org/dataoecd/0/27/34504737.pdf)) and the development of overarching national Poverty Reduction Strategies (see: [www.worldbank.org/prsp](http://www.worldbank.org/prsp)). As a result, there is an increasing number of international multi-donor programmes and alignment of development activities.

**1.10 Innovative Service Frameworks**

In the remainder of this Reader, we will present five innovative frameworks elaborated by different donors and development organisations. The Reader provides a quick reading into rather complex frameworks for service reforms. It is hoped, that efforts to harmonise these frameworks across donors, development organisations as well as partner governments can be initiated.

The first contribution deals with the GTZ Framework for Rural Service Reform Processes (Anglophone and Francophone Africa). It consists of a few selected chapters from detailed drafts. The second contribution represents a brief publication of the framework by IFPRI, “Best Fit” Advisory Services. The third contribution was elaborated for the World Bank. Once called AKIS/RD, nowadays SASKI, is an embrasive model for privatising service provision. We prepared a summary description of AKIS/RD. All three frameworks are systematic and foresee service provision at a national scale. They consider a great variety of target groups from highly commercial farmers to poor ones. However, the common search for sustainable funding of services by privatising service provision and service costs makes one wonder if poverty-stricken farmers living in remote areas can be reached? Doubts are allowed. The contributions by Schmidt (2005) and Curle/Hoffmann (2004) document the limits of privately paid services even in commercially oriented farmer associations. These limitations grow logically narrower in the case of subsistence-oriented farmers. In our opinion, the framework on Sustainable Livelihoods (DFID) provides a model for targeting poor rural people better. Finally, pro-poor extension by the Neuchâtel Initiative largely rests on the advances of Sustainable Livelihoods and is another indication of ongoing efforts to harmonise donor concepts beyond national boundaries.

The time seems ripe to integrate representatives of Governments and NGOs in partner countries into the ongoing debate on service reforms. They will play most decisive roles in reforming their service systems. Therefore they should be engaged in developing concepts and approaches as well as in decision-making about the future of public-private service delivery to rural people.

## II. Frameworks

### 2. Rural Service Reform Processes

Technical development cooperation has changed over the years. What were simple, one-dimensional interventions in the 1960s and 70s became complex management of processes through capacity building on all levels (macro, meso, micro). The driving force was the aim of increasing the impact of development aid in order to reach the Millennium Development Goals, in particular to reduce poverty by half in 2015. Another consequence of these goals was the need for international alignment in the planning, implementation, and monitoring of development programmes (refer to OECD-DAC and the “Paris Declaration on Aid Effectiveness”). Still, we need to capitalise on the learning experiences of our own development from simple to complex management tasks, in order to design workable solutions and strategies. The Frameworks for Rural Service Reform Processes (Anglophone and Francophone Africa) attempt to consolidate the experience of practitioners in rural development of sub-Saharan Africa in a comprehensive but still manageable form.

**2.1 Background and Rationale (Juergen Hagmann)**

Rural service systems have undergone drastic changes during the last decade. The classical non-financial rural services (e.g. applied research, extension/advice, market information, business development, and skills training, etc.) have been fundamentally challenged by a changing national, regional, and global environment. These trends include decentralisation of government structures, withdrawal of a magnitude of state services to reduced core functions of public institutions, market liberalisation, the economic effects of globalisation, and the effects of the HIV/AIDS pandemic. In this course, development interventions have changed from isolated local level (pilot) projects to national programmes, often within the frame of multi-donor programme based approaches (PBA) and as part of national Poverty Reduction Strategies (PRS). New actors from the civil society and the private sector are working side by side with the old (monopoly) state providers or are replacing them and find their niches. The old state monopolies are challenged by pluralism in their old mandate and self-understanding. Decentralisation means the devolution of power to district level (or similar structures) and new responsibilities and challenges for management of services for the population within national poverty reduction, sector, and district development strategies. Farmers are constantly changing needs for services within their realities for food security, market linkages, and alternative employment. The response to these challenges necessitates a renewal of rural and agricultural service systems at all levels. Farmers need to formulate their needs and demands, service providers need to be able to respond to those, and policies need to form an enabling environment for the systems. In this conceptual framework we approach the three levels of

1. self organisation and representation of clients,
2. decentralised management of services,
3. and policy advice (enabling environment).

Change of this nature poses huge challenges to policy makers, to development planners, and particularly to the managers of rural service organisations. Isolated measures to address problems at isolated levels have shown limited effectiveness in the past (e.g. new funding mechanisms, participatory approaches, new policies). On the other extreme, changing the rules through new policies without capacity development had disastrous results. Change has to be addressed systemically at different levels with complementary and integrating interventions. Ultimately it is not about improving the single components of the rural service system in a given area, but to make the systems work as a system.

This conceptual framework aims therefore to support development planners, service managers, advisors, consultants, change facilitators, and donors by providing:

- a common framework for the design, planning, monitoring, and evaluation of interventions towards demand-driven, pluralistic, efficient and accessible rural services,

- options for building platforms of stakeholders who work together on common strategies to 'play together' towards improving the overall service system,
- access to the consolidated experience of practitioners from different professional and institutional backgrounds for systematic identification of bottlenecks and strategic entry points for interventions,
- a framework for learning and knowledge management within and across programmes, sectors and countries.

The concept is based on successful approaches, methods and tools, which were utilised in a variety of different contexts by different institutions. Therefore, each part of the concept is supported by links and case studies inclusive the cornerstones and strategies. It is expected that further refinements will be made – thus “work in progress”.

The application of the “Conceptual Framework for Rural Services Reform Processes” is designed as an analytical instrument and for application in design, planning and monitoring/evaluation. It is an instrument for assessing and improving policies, institutional development, and intervention programmes and projects for more systemic and comprehensive intervention by all partners. In this sense it is particularly useful in multi-stakeholder set-ups where a common orientation and commitment needs to be created. The cornerstones, as a checklist for evaluation, help to analyse the whole system, in order to identify the strengths, weaknesses and prioritise gaps of current interventions and develop strategies/methods to move forward. It is up to the stakeholders to define on which level or with which cornerstone to start, while at the same time keeping the systemic nature of other cornerstones in mind.

### 2.1.1 The dimension of reform in rural service systems

All rural service systems are in transition. In our conceptual frameworks we focus on non-financial rural services, particularly on the aspects of extension, advice, training, and information management. The experiential background is Anglophone and Francophone Sub-Saharan Africa. The international Neuchâtel Initiative developed common frameworks on: agricultural extension methodologies, financing, and Monitoring & Evaluation (M&E) of services, pro-poor extension, and demand orientation (a framework on services for market-oriented farmers is in preparation). The principles of the framework can be applied to other rural services and other regions, while not all options might be equally relevant.

In terms of the external environment, all services as well as their clients are affected by a number of critical trends. They are certainly challenges, but offer chances for coordinated development interventions as well.

**Economic liberalisation and deregulation:** The reduction of trade barriers, input and price subsidies as well as import/export duties have often led to falling farm-gate prices, a growing demand for export products, and higher input costs. This has increased the pressure on the further differentiation of commercial and subsistence farmers and the need for alternative incomes. Often, traditional

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Government extension services cannot cope with the high quality extension needed by certain farmer groups. They lack of social and methodological competence to develop the resource-poor farmers' capacities to innovate. A more integrated approach along the innovation systems and value chains of commodities is required to exploit the opportunities, which challenges the ways of doing business of most state agencies.

**Commercialisation and privatisation of services:** The all-caring state extension services of previous decades in terms of organisations, structures, and mandates are coming to an end in many countries. Liberalisation of the service sector in general and the focus on a 'lean state' that concentrates on core functions led to a withdrawal of the state from service delivery also in rural areas. This applies to e.g. input supply, production and marketing as well as to extension, training and media services. In agricultural extension, service delivery to specialised commodity farmers has been commercialised in a number of cases. In other cases services were contracted out to private sector advisory services that provide the services on behalf of district administrations. In some countries they have been fully privatised and/ or de-facto dissolved. The key question remains whether resource-poor farmers will be able to benefit from commercial services or will continue to depend to a large extent on rather poor and diminishing state services. Therefore, there is a need for re-visiting functions and roles in service provision. On the one hand with regard to equity and on the other hand the concentration on rapid economic growth for rather few specialised farmers.

**Decentralisation** entailed the devolution of power and decision making to regional and local level institutions. It has helped extension bodies to accept and build more on local realities rather than having to follow central decisions. This has often influenced district-level extension 'policies'. Decentralised services have to compete for budget allocations with "hard" investments and justify their existence. Staff of service institutions has been shifted from line ministries present at local level to local government offices which are supposed to manage diverse staff and coordinate service delivery in a new way. This massive change creates huge challenges in co-operation between political and professional agendas in an effective and efficient way to secure lasting and sufficient resource allocation for service provision.

**Democratisation** is emerging in different ways and speeds in many countries along with liberalisation and decentralisation. It has ended the politisation of farmer cooperatives and associations who can develop now more freely and can better articulate their demand for services. Self-governance and accountability of extension service providers to their clients and financiers can bring about general 'empowerment' and opens new links between Governments and civil society organisations. Public-private partnerships, contracting out, commercialisation and privatisation as well as partnerships between state and NGOs reflect such new opportunities.

New actors are getting involved in rural services that lead to a pluralism in service provision.

- NGOs often provide extension and information services in disadvantaged areas and play key roles in pilot activities (innovators);

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- Private service providers are gaining importance for commercial agricultural production and the production of training materials for certain commodities;
  - Professional organisations (e.g. trade unions, farmer organisations, co-operatives, associations) are becoming increasingly important for extension, information management, marketing and research.

**Reduced public spending on rural services and new funding and institutional arrangements** are becoming common features. Farmers are increasingly urged to pay for services at least partly and to organise service provision among them, to maintain quality services. This is positive in terms of accountability of service providers to their real (paying) clients. It may have adverse effects in terms of services of public interest, which do not result in an immediate benefit for the individual farmer (e.g. natural resource management). Sustainable financing of services has become a central issue. The other challenge is equitable access to services for resource-poor farmers.

**Multi donor programme based approaches** (PBAs) are becoming a standard mode of delivery for development interventions. They have evolved from the experience with the often very limited impacts of isolated projects. Multi-donor programmes are usually covering sector strategies or parts of national poverty reduction strategies (PRS). These programmes are often implemented on the ground by a multitude of NGOs or private service providers. The harmonisation of the different donor approaches, the quality of the governing strategies and the quality management of the implementing service providers are still problematic (see: Reader on Quality Management).

The **HIV/AIDS** pandemic has an extremely negative effect on service institutions especially in Sub-Saharan Africa. Constantly they are losing a tremendous number of skilled staff. In many countries this means a substantial fall back in terms of competencies, which needs to be taken into serious consideration in any service programmes. It also has an enormous effect on rural people and their social and economic systems. This requires new services, adapted technologies, and new approaches to respond to these massive social challenges.

## **2.2 Framework for a Rural Service System (Juergen Hagmann and Mathias Braun)**

### **2.2.1 Introduction to the conceptual framework of rural services provision system**

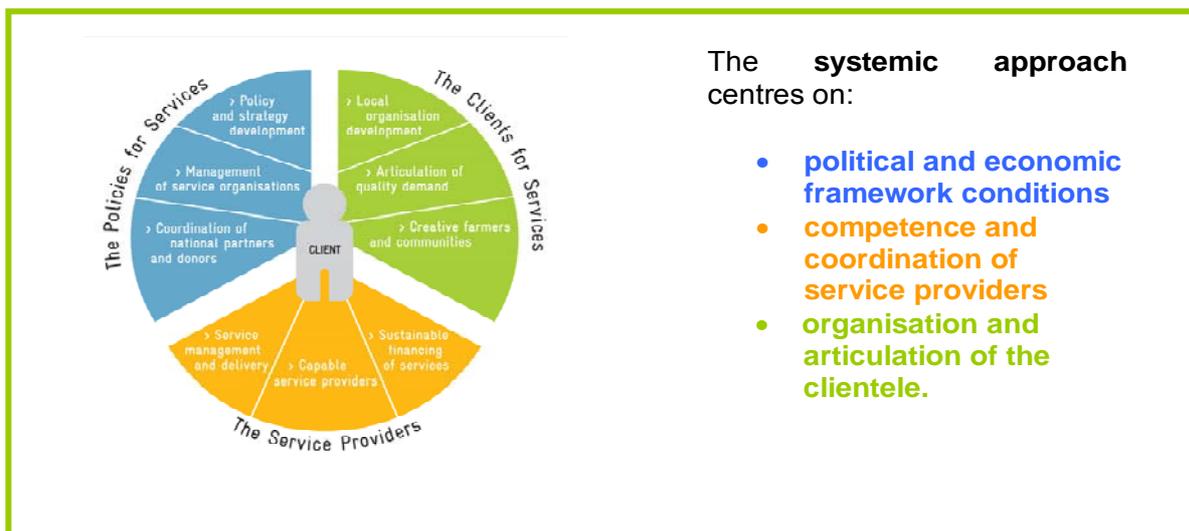
As mentioned above, the previous simple models for provision of rural services are outdated and do not match any more the changed requirements. The constantly changing political and economic environment calls for new paradigms and for a new modus operandi based on a different understanding of how people operate, change, and improve their livelihoods. Frameworks and strategies cannot be prescriptive and universal as before, but must be flexible and adaptable to fit the diverse local realities which people find them in.

It is widely accepted that a new framework for service provision is comprised of three levels of intervention. Those no longer should be addressed individually and in isolation but rather be regarded as a system and seen as interdependent:

1. The local level of where people live, the realities they find themselves in, and the needs which they perceive in order to improve their livelihoods.
2. The service providing organisations and their responsiveness to assist and support people in their identified needs.
3. The wider support mechanisms at political and organisational levels, which allow for the above to happen.

In such a framework, the simple but fundamental fact applies that service provision responds to demand. Thus, the first and second levels must be addressed simultaneously for the planning of interventions for improvement and change of the system. The policy level not only sets the rules and defines mandates but creates an enabling environment which allows the system to function and – it is hoped – that development will happen.

**Box II-1 The rural services framework for analysis and action**



Source: GTZ Sector Project Knowledge Systems in Rural Areas

**2.2.2 Identification of interventions for improving a service provision system**

The entry points (“triggers”) and basic strategies to improve a service delivery system are depending on the actual situation but can be found by applying

- a set of guiding principles which apply for all interventions
- and 9 cornerstones at the three levels of intervention, which highlight the most important elements, key strategies and ways for implementation of each cornerstone.

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**Guiding Principles**, which are underlying all interventions, are:

- It needs to be a systemic intervention

In order to identify suitable ‘triggers’ it is necessary to analyse the total system. Furthermore, the given point in time and prevailing circumstances play a key role for the most appropriate improvement. In one case it might be policies which inhibit the performance of the whole system. In another case, community organisation might be the weakest link in the system. The identification of the most promising triggers is difficult and often only revealed while working in the system. Therefore, it is important to start with a more obvious and non-threatening ‘trigger’. Even if the trigger might not be the most strategic one but can get the change process going. More complex and time-consuming aspects can follow such „quick-wins“. It must be a dynamic and progressive process ensuring the energy for change is not lost in action.

- It needs to be a learning approach

The exploration of the system’s hindering forces which suppress the performance need to be done from inside. Learning loops of exploration, improved action, monitoring and systematic reflection processes require determination, commitment, honesty, and professional facilitation in order to learn and improve from within. There are no short cuts for such action learning and action research processes. It will take time and a different set of skills for advisers to accompany people at all levels in their learning approach.

Flexibility is a main feature in learning approaches. It is not possible to determine the exact sequence of events at the beginning of the processes. Much depends on energies within the organisation, which emerge and build up in the course of the process. Thus, the process needs to provide flexibility in response to specific needs and the necessary adjustments.

- There needs to be change management

Facilitation of performance improvement of the whole service system is a challenging change intervention. Principles and processes applied in change management are thus a pre-requisite for all interventions regardless of the level of entry. This requires (among many more) a high level of participation of all stakeholders of the system. The team will walk together through fields like strategic planning, focusing on core functions, defining desired impacts at different levels, structural changes in the organisations, performance management, development of adequate systems, and procedures (e.g. planning, M&E etc.). A comprehensive capacity development programme for staff needs to be developed to enable them to adjust to the new professional and personal requirements. Throughout the process, the quality of facilitation is the critical factor for success. Experience shows that such required competence is rarely available within the systems at the beginning. However, for an intervention to succeed, it is a must to focus on the development of capacity for professional facilitation.

**Level of Intervention 1: Organising the Demand – the Clients of Services**

1. Local Organisation Development for improved self-governance, representation and quality control of service provision.
2. Articulation of an inclusive quality demand based on well-analysed problems and opportunities and validated in terms of own potentials.
3. Creative farmers and communities who seek and experiment with innovative solutions and adapt change to their local situation.

**Level of Intervention 2: Responding to Demand – the Service Providers**

4. Efficient pluralistic, decentralised service management and service delivery.
5. Capable service providers responding to diverse demands by clientele.
6. Sustainable financing of rural service systems.

**Level of Intervention 3: Organising the Response – the Policies for Services**

7. Paradigm change and renewal in policy and strategy development for an enabling environment in pluralistic, demand-oriented service provision.
8. High performing and adaptive management of rural service organisations.
9. Efficient coordination between national partners and donors in the development of pluralistic and demand-oriented rural service systems

These three levels of intervention provide an overview on the necessary critical success factors or cornerstones. They assist in the systematic analysis of the service system and help to see the links between the levels. However, they are not prescriptive nor do they need to be followed in the above outlined sequence. Depending on the actual entry points (“triggers” as mentioned above) they should be used flexibly and must fit the situation of the system and the people within. The selection of the actual entry points needs to consider the general circumstances and needs to support the dynamic flow of the complete change intervention.

**2.2.3 Who should be the drives of intervention process? – The role of facilitators**

In an ideal situation, there should be drivers at all three levels of the system. A driver could be a person from the top of the public services commissioning and mandating the groups for the changes. Coordination, supervision and reporting back should come from such a top position, which also facilitates and ensures that the change processes are dynamic and advance smoothly.

However, if these conditions do not exist, the lead drivers will evolve from within the systems. There is no prescription from which level such a driver needs to come from. Still, it is important that there is an overall driver who is accepted by the systems and who has sufficient authority.

Scenarios might be found where no single organisation is equally strong represented at each of the three levels. It might happen that different organisations with their different comparative advantages advance the reform at their own levels. For such cases, the framework will be a tool for coordination and systematic advancement of the reform.

So far it has been rarely observed that the top of the system (usually Government structures) actively orchestrated such systemic changes. The top of public institutions often avoid launching the reform proactively due to uncertainties about the outcome of the process and the fear of losing influence, power or benefits. They rather let changes happen with little interference from their side.

Persons closer to the system, which is affected by the ineffective old system, are more likely to engage proactively in the change process. At district level, the district extension managers have the mandate to coordinate extension services in their districts. People in such positions need to have a vision for the direction of the reform. They should know the stakeholders' needs and should be familiar with the strategies and the time frames. Capable process facilitators need to accompany and build up the competency of those district managers.

From the perspective of a development planner, the intervention design is complex and difficult to prescribe at the beginning. Essential are principles of action research and skills in the professional field of organisational change and development. In the beginning it is difficult to determine the output that can be achieved in a given timeframe. Usually, the system moves to where the energy is. This is more likely to be the case at the first and second level. It is the professional challenge for a development facilitator to assist the system and to integrate the top as well. (See Kamputa et al. 2003)

#### **2.2.4 How to get started**

Especially farmer groups are dissatisfied about the non-performance of the old model (Government driven, supply oriented, centralised decision making). However, public service provision institutions pretend that the old system still works and is justified.

Stakeholders of the agricultural sector need to get a chance to develop a vision jointly of goals in a given time frame. Additionally, the first steps are important for moving towards this vision. Thus the strategic planning for reforming the system must have quick wins and tangible outputs.

However, the conviction of the stakeholders is the most important factor for a successful change intervention. They have to be convinced that change and the goals can actually be achieved.

Practitioners are advised to design the intervention process with much care. They should not address too many aspects at a time. The guiding principles and the cornerstones can provide a framework for analysis of what is attainable and practical at a given time. Of utmost importance are processes of participative analysis of the system, joint decision-making and monitoring for learning – all done together with key stakeholders. All these activities determine right from the beginning the outcome of the intervention. In this context, the description of the following cornerstone is of interest. (For more information on all nine cornerstones and strategies, see Ehret et al. 2005).

## **2.3 Cornerstone: Coordination between national partners and donors (Willi Ehret)**

### **2.3.1 Why is this cornerstone important?**

The donor community is diverse and loaded with different agendas. Home offices set the direction to develop and launch participative, consultative processes in order to make partner countries take over their strategies. A mix of interests determines the priorities and the budgets for programmes.

Partner country administrations are often weak in the articulation of their strategies and have difficulties to bring forth their long term objectives. These were either too vague, broad based and general, or not elaborated enough, or do not even exist. This was a common weakness in many first generation PRSPs. The high turn over of personnel in leadership positions is eroding institutional memory. Poor documentation of learning loops from previous programmes and the absence of data systems also contribute to this weakness. Another common problem is the poor legitimacy of stakeholder groups and resulting partisan participation. As a consequence, national leaderships of developing partner countries tend to agree on what is on offer, so that at least financial contributions by donors continue to flow.

### **2.3.2 What are we aiming at?**

A clearly elaborated vision of national stakeholder fora, coupled with delineated strategies for action, should be the basis the support of the donor community as response to national requests. National stakeholders of rural areas need therefore to work together and uplift their profiles. Clear insights and agreements on role clarification and sharing of responsibilities among the national stakeholders and the roles of the donors can lead to complementary, legitimate, realistic and harmonised strategies for action.

The development of a conceptual framework like this one can be a tool for all parties to move towards such harmonised national strategies. At least, it bears the potential for it. The systematic nature of the concept allows stakeholders to arrive at a common understanding of their realities and reach consensus of where to go and of who does what. As negotiations between Governments of developing countries and donor groups are regular events, a clear and strong national position enables the countries to

1. articulate their own adapted and realistic vision and strategies for action
2. provide options for donors to join the national strategies.
3. allow for a rational division of labour between national stakeholders and donors.

Such an approach allows national stakeholders to direct and even coordinate the donor support. Complementary roles and responsibilities can be allocated in the support of national strategies and common impact evaluations can be carried out.

### 2.3.3 Who are the stakeholders who would play an active role?

Obviously, the main players are donor groups on the one side and the national stakeholder fora on the other. It is important that the national stakeholder fora have a jointly developed vision and strategy, which they present during the negotiations for donors to buy in. It is important that such fora are active and representative for the entire rural areas and sub-sectors. If approached in such a way, country delegations gain both, significance and bargaining power and it becomes less likely that external forces overtake them.

### 2.3.4 What are the major issues/challenges?

The first step towards a stronger negotiation position is initiating and getting high level and still representative national stakeholder fora operational. The formulation of broad and detailed strategies needs good will and commitment by all actors – Government as much as non-state actors – coupled with a high level of professionalism. However, the most crucial issue is that Government structures are willing to open up to the wider stakeholder groups in order to work together with non-state actors even in domains where the Government used to be the sole actor.

Documentation and presentation of the outcome of the stakeholder fora deliberations is another crucial issue. It needs professional effort often under external facilitation to reach a high level of clarity, structure and documentation of what was discussed and agreed in the fora. The documentation and presentation of what was agreed and decided by the stakeholder fora to donor groups is the next step. It must be avoided that individual stakeholder groups jeopardise or divert negotiations towards their own partisan interests or benefits as much as possible.

It is important for the donors that their regular consultations advance beyond the routine topics around “fire fighting” (e.g. timely availability of inputs, data information systems, marketing issues, trade, etc). For other more long term and strategic issues, donors often have diverse and scattered views that are deficient in complementarities and synergies. The lack of a common understanding and the absence of consensus are hindering forces to the effectiveness of donor support in general.

### 2.3.5 What are promising strategies?

- Forming of representative stakeholder fora at all administrative levels (communities/ councils – districts – provinces/ regions – national);
- Upgrading the selection and composition of representation of national stakeholders;
- Development of a joint vision and comprehensive strategies (e.g. workshops on levels of intervention and related success factors), with or without donor participation;
- Fostering continuous dialogue between national stakeholders and donors;
- Allow for open, non-persuasive, transparent negotiations between national stakeholder fora and donors;
- Documentation of agreements after and not before donor – stakeholder negotiations;

- National stakeholder fora and donors agree on a commonly accepted conceptual framework;
- Utilisation of global donor platforms to address service provision for rural development in a more systematic and holistic manner.

#### Box II-2 Outline of steps for the development of common frameworks

1. Common vision: delineation of the field of concern (i.e. type of services and region considered); brainstorming on the components of a vision („how exactly would I like to see the service sector function in 5 to 10 years); consolidation of a common vision.
2. Definition of success factors/cornerstones for each level of intervention: brainstorming on necessary success factors for each level („which factors are necessary at this level of intervention to contribute to the realisation of the vision?“); clustering of elements to 3 – 5 success factors per level; consolidation and consensus.
3. Formulation of cornerstones for each level of intervention: drafting of the cornerstones with rationale, goal, stakeholders, challenges and promising strategies, consolidation and consensus.
4. Mandate: examination of the complete draft framework (duplication/ missing points, common understanding etc.); final editing and completion of the framework by a mandated group. Presentation of the framework as a comprehensive consensus strategy to stakeholders, service providers, donors, etc.

Source: Internal Paper 2005: Sector Project Knowledge Management of Rural Areas, GTZ

### 3. Agricultural Knowledge and Information Systems for Rural Development

(The World Bank-FAO; Summary by Carmen Hess, 2003)

The “Agricultural Knowledge and Information Systems for Rural Development” (AKIS/RD) is a framework by FAO and the World Bank to design extension systems for agricultural development. The assumption is that numerous individuals and institutions hold agricultural knowledge and information but, unfortunately, often fail to share their knowledge, expertise and information. Consequently, they do not yet form a system that could generate technologies and turn them into innovations. AKIS/RD accords special attention to the issue of innovation. The framework aims at organising knowledge and information resources as well as private and public actors who cooperate in a system and in response to farmers' needs, which will generate synergies and pave the way toward agricultural innovations (Berdegú/Escobar, 2001:4).

In the year 2000, the FAO and the World Bank agreed to use AKIS/RD as a common framework. AKIS/RD "links people and institutions to promote mutual learning and generate, share and utilize agriculture-related technology, knowledge, and information. The system integrates farmers, agricultural educators, researchers, and extensionists to harness knowledge and information from various sources for better farming and improved livelihoods" (FAO/World Bank 2000: 2).

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The main objective is to reduce rural poverty by fostering inter-institutional cooperation. A network of organisations will have to plan the development of a region taking into consideration the demands and needs of farmers and rural poor. It shall coordinate the services needed to satisfy farmers' demands. The organisational structure of cooperating entities may be loose and limited in time, as it exists only as long as to satisfy the needs of the target group.

Three different implementation strategies are proposed. The first one corresponds to a market-driven AKIS/RD with commercial and competitive agricultural businesses. The strategic goal is to achieve indirect impacts (e.g. lower food prices, employment opportunities). Public responsibilities are

- the development of supportive policy frameworks
- the strengthening of intellectual property rights
- the protection of agricultural businesses from unfair trade competition
- the support of basic research relevant to agricultural businesses

A second strategy corresponds to a market-oriented but asset-constrained AKIS typical for smallholder farmers. This target group consists of farmers who earn their living in relatively favourable environments but lack the assets to fully exploit these opportunities. Assets include human, natural, physical, financial, and social capital. The strategy of the farming family depends very much on the specific composition of assets. Here, the tasks of the public sector are

- to increase the assets available to small farmers,
- to lower transaction costs, diminish institutional constraints and market failures, which hamper the productivity and innovation potentials of family farms,
- to promote the development of an effective AKIS by stimulating interaction between public and private agencies, including the farmers.

The third strategy matches context- and asset-constrained AKIS typical for the situation of subsistence farmers and poor rural households. This target group lacks assets apart from unskilled labour and a little land (e.g. less than one ha). Moreover, this group operates in unfavourable environments. The potential for agricultural innovation and development is limited or non-existent. Farming is only one element of a diversified livelihood strategy and cash income stems largely from non-agricultural activities. The main goal should be to support an increase in the net income of households. The public sector must provide a policy that focuses also on non-agricultural activities by

- improving the asset situation (land distribution, access to credit, training, education, health programmes, community organisations),
- and improving the environment in which they operate (roads, irrigation, capacity building for local governments, more efficient markets).

This strategy is best spurred by participatory technology development, on-farm adapted research and farmer-to-farmer extension systems (see our Reader on Extension and Advisory Approaches). Formal research and extension organisations should seek to cooperate with local organisations and NGOs to

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facilitate local level innovation. The biggest challenge will be to upscale these local experiences so that their impacts are commensurate with the immense numbers of rural poor. AKIS/RD departs from labour division between the private and the public sector. The private sector shall take care of objectives and activities within the scope of commercial and private interests whereas the public sector shall take care of those objectives outside the scope of private and commercial interests. The public sector should become active at two levels.

Firstly by improving the potential for innovations:

- formulating policies to foster institutional innovation and pluralism at all levels,
- empowering communities and farmer organisations to play a greater decision-making role in the new institutional landscape,
- and formulating science and technology policies to give consistency to the initiatives of individual actors.

Secondly by facilitating collective action on the part of all AKIS/RD partners:

- introducing incentives for private organisations to work with rural poor,
- carrying out programmes to improve the quality and efficiency of small organisations working with the poor,
- and stimulating interaction between multiple agencies.

The ideal setting for applying AKIS/RD is one in which agriculture is a market-driven or, at least market-oriented business. Service organisations in research, extension, and education sectors should be autonomous, so that they can respond to the demands of farmers who are able to pay for quality services. In the case of subsistence farmers who cannot pay for services, it is considered best if there are numerous private, quasi-private, non-profit, and community-based organisations, which are responsive to the needs of this target group.

In order to improve the AKIS/RD in a country, the government must be interested in addressing the root causes of rural poverty and should be politically supported by civil society. The main tasks of such a government are: to provide policies conducive to improving the conditions of the poor; to support private-sector initiatives and institutional pluralism in the fields of research, extension, education, and to build-up representative organisations of farmers and rural poor. Another political precondition for improving the AKIS of a country is that public and private organisations must be willing to cooperate in order to achieve the common goal: poverty reduction.

Market mechanisms for service delivery should be used if possible. Farmers and other rural poor are considered to be clients of service providers. To strengthen farmer organisations is considered as a precondition. Services must be classified according to whether they generate public or private benefits, in order to decide whether they should be free of charge, or partially-to-fully charged. There must be public funding for purely public goods, toll and common-pool goods, and cost recovery

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schemes for providers of private goods. The public sector shall provide the coordination of inter-institutional arrangements and related costs.

To conclude we will raise a few critical issues. AKIS/RD is a framework by FAO and the World Bank. Governments in partner countries will feel compelled to use the framework in order to get loans for agricultural sector development. They might accept the framework without much intellectual conviction. Such a lack of ownership may become critical to future development efforts.

AKIS/RD also calls for careful planning. If applied at a national level, such planning will be time-consuming and cost-intensive. It is difficult to imagine that many countries have the management skills to plan, implement and monitor the sheer number of activities required. Not synergy but overburdening might be the result of organising inter-institutional cooperation at all levels of the system.

Finally, the framework rests on the assumption that public- and private-sector institutions are willing to coordinate and co-operate. This is a risky assumption, as there is a long history of animosity and dislike between public, NGO and commercial service providers in many countries. Enthusiastic cooperation is not at all guaranteed.

#### **4. “Best Fit” Advisory Services, IFPRI**

„Best fit“ agricultural advisory services form a framework, which exemplifies the conceptual shift in rural development thinking too. It departs from the fact that in each country and region many different service providers constitute a pluralistic system. Governments, with the support of donors, are therefore challenged to design and implement best fit options for financing and providing services to different types of farmer groups.

This framework reveals a system’s perspective on services and innovation institutions. It recommends decentralisation of service provision to lower governmental levels, privatisation of services in terms of provision as well as in terms of cost-recovery. Service contracts shall be given to NGOs or private organizations on a competitive basis. The framework demands a clear service orientation of public and of private providers.

##### **4.1 A Framework for Designing and Analyzing Pluralistic Agricultural Advisory Services (Regina Birner)**

Agricultural advisory services play an important role in supporting the use of the agricultural sector as an engine of pro-poor growth and enabling small farmers to meet new challenges, such as accessing export markets, adopting environmentally sustainable production techniques, and coping with HIV/AIDS and other health challenges that affect agriculture. After years of neglect, there is now renewed interest in agricultural advisory services in many countries. The issue of how best to provide and finance advisory services remains controversial, however. The questions under debate include:

- What should be the roles of the public sector, private sector, and civil society?

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- How can we ensure that agricultural advisory services are demand-driven and meet the diverse information needs of farmers?
  - How can advisory services be made efficient and financially sustainable?
  - How can we ensure that female farmers, the poor, and other marginalized groups have access to agricultural advisory services?

In the past, agricultural extension has featured the use of standardized models, especially the training and visit system. Current trends in agricultural extension, however, focus on decentralization, outsourcing, and privatization.

Past experiences clearly show that importing standardized models of extension to a new context is not a promising strategy, even when the imported models are viewed as “best practice.” What is important is to build capacity among policy planners and extension managers to identify modes of providing and financing extension that best fit the specific conditions and development priorities of their country. This policy brief provides an overview of pluralistic agricultural advisory services and presents an analytical framework that can help policy planners and extension managers to identify best fit options for financing and providing these services. The framework can also guide research projects aimed at creating empirical evidence on what works where and why. The framework focuses on (a) the design elements of a system of advisory services—that is, governance structures, capacity and management, and advisory methods—and their comparative advantages and disadvantages under different frame conditions; (b) performance measurement and quality management in the provision of agricultural advisory services; and (c) impact assessment with regard to multiple goals as well as assessment of the costs and benefits associated with different ways of providing and financing agricultural advisory services. The framework provides a tool for the design, analysis, and evaluation of agricultural advisory services that acknowledges that these services form part of a wider agricultural knowledge and innovation system.

#### **4.1.1 Defining Pluralistic Agricultural Advisory Services**

There are many definitions, philosophies, and approaches to agricultural extension or advisory services, and views have changed over time. While extension traditionally implied training and dissemination of messages about specific technologies, more recently it has expanded to include assisting farmers to form groups, dealing with marketing of agricultural products, and partnering with a broad range of service providers, such as credit institutions. The term “agricultural advisory services,” adopted in this brief, reflects this broader definition and encompasses the set of institutions that support and facilitate people engaged in agricultural production to solve problems and obtain information, skills, and technologies to improve their livelihoods and well-being. Advisory services also implies a service orientation and a move away from top-down models of technology transfer. Taking the definition a step further, “pluralistic advisory services” specifies the variety of service providers that have emerged in recent years, including public–private partnerships and outsourcing to the private

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sector and nongovernmental organizations (NGOs). The benefits of pluralistic advisory services are their ability to overcome constraints, such as shortages in funding, staffing, and expertise, and to provide the necessary flexibility to tailor services to the needs of specific subsectors or regions.

**Box II-3 Matrix of Options for Providing and Financing Pluralistic Agricultural Advisory Services**

Provider of the service	Source of finance for the service				
	Public sector	Farmers	Private companies	Nongovernmental organizations (NGOs)	Farmer-based organizations (FBOs)
Public sector	Public-sector extension services with different degrees	Public-sector extension agents with farmers paying fees	Public-sector extension agents hired by private companies	Public-sector extension agents hired by NGOs	Public-sector extension agents hired by FBOs
Private companies	Publicly funded contracts or subsidies to private service providers	Private service providers hired and paid for by farmers	Information provided with sale of inputs	Private service providers hired and paid for by NGOs	Private service providers hired and paid for by FBOs
Nongovernmental organizations (NGOs)	Publicly funded contracts or subsidies to NGO providers	Extension agents hired by NGOs, with farmers paying fees		Extension agents hired by NGOs as a free service to farmers	
Farmer-based organizations (FBOs)	Publicly funded contracts or subsidies to FBO providers	Extension agents hired by FBOs, with farmers paying fees		Extension agents hired by NGOs and paid for by FBOs	Extension agents hired by FBOs as a free service to farmers

Sources: Adapted from W. M. Rivera, "Agricultural extension in transition worldwide: Structural financial and managerial reform strategies," *Public Administration and Development* (1996, Vol. 16: 151–161) and J. Anderson and G. Feder, "Agricultural extension: Good intentions and hard realities," *World Bank Research Observer* (2004, Vol. 19, No. 1: 41–60).

**4.1.2 Agricultural Advisory Services**

Within the Context of Agricultural Knowledge and Innovation Systems To understand the contribution of agricultural advisory services to agricultural development, it is essential to consider these services as part of the wider systems in which knowledge and innovations are generated, disseminated, and utilized in the agricultural sector. Specifically, the concept of an "agricultural knowledge and information system for rural development" implies the integration of agricultural research, agricultural extension, and agricultural education. The concept of the "agricultural innovation system," on the other hand, implies a wider range of organizations and stakeholders involved in agricultural innovations along agricultural value chains. The analytical framework presented in this brief positions agricultural advisory services within the perspective of a wider knowledge and innovation system.

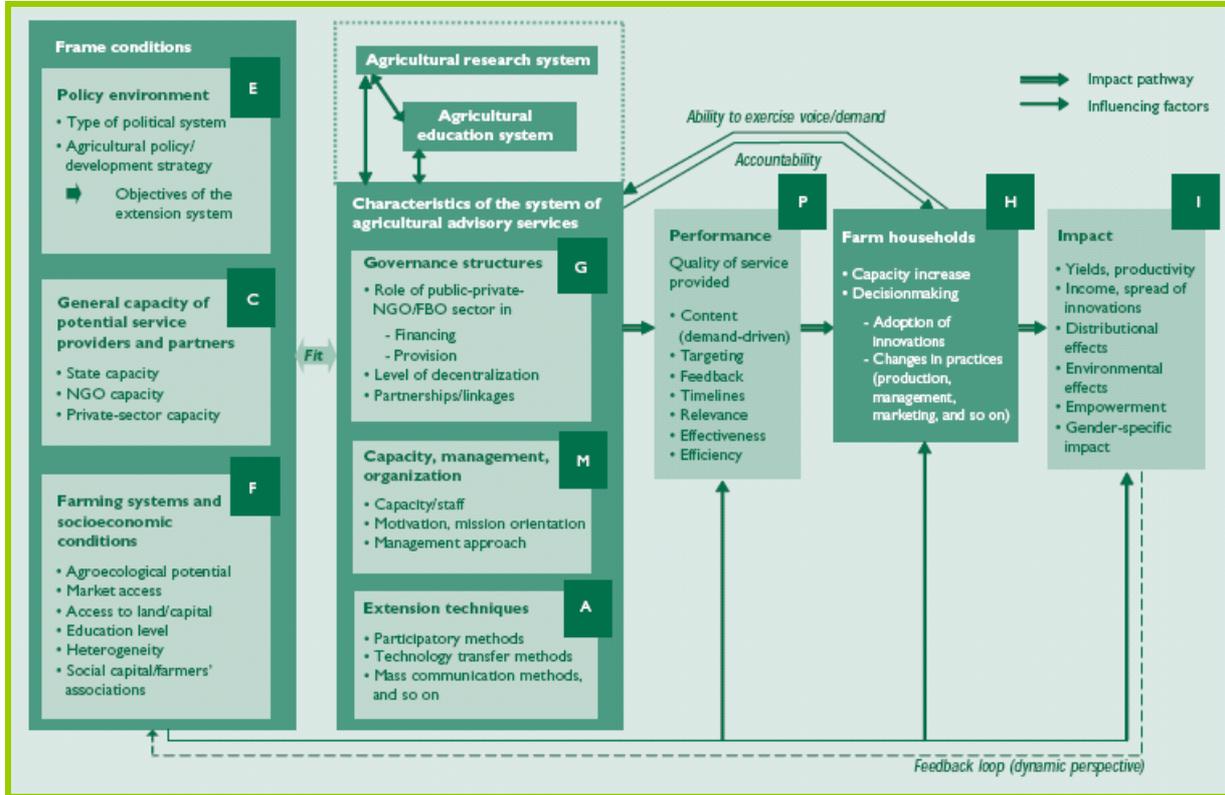
**4.1.3 The Framework**

The framework presented in this brief is intended to serve two main purposes. First, it can assist in the design and reform of agricultural advisory services by defining the systems in which policy decisions

are made and identifying the “frame conditions” (that is, “best fit” options, described further below) to be taken into account when making these decisions; further, it can assist in the design of monitoring and evaluation systems for agricultural advisory services. Second, the framework can provide a common analytical framework, thereby accommodating multidisciplinary approaches and facilitating comparability of findings across different projects. This ability to both draw on different fields and compare results among disparate studies should create synergies and improve the understanding of the role and operation of advisory services, thereby generating information in support of reform. The framework can be applied to the analysis of advisory services at national and subnational levels, as well as being used for cross-country comparisons (Box II-4).

When designing agricultural advisory services, policymakers and extension workers must decide on the characteristics that will determine the design of the system—that is, its governance structures, capacity, management, and organization, and the advisory techniques to be used. The design and analysis of governance structures (Box II-4, Point G) involves the roles of the public and private sectors and civil society in financing and providing advisory services (Box II-3). Other important aspects of governance include the level of decentralization and the linkages and partnerships among agents in the innovation system, especially agricultural research and education organizations. The capacity, management, and organization variables (Box II-4, Point M) refer to the capacity for the provision of advisory services, and the way in which those services are managed within the respective governance structures. Capacity refers to the numbers, training levels, skills, attitudes, and aspirations of the members of the advisory service, as well as their incentives, mission orientation, professional ethics, and organizational culture. Point M also refers to the management procedures applied, such as monitoring and evaluation and performance management systems. Point A refers to advisory or extension techniques used by the extension agents in their interactions with farmers. These include techniques based on visits to individuals or groups, agricultural production demonstrations, short-term training, and the use of different media, such as radio and the Internet. By distinguishing among the various factors influencing agricultural advisory services—governance structures; capacity, management, and organization; and advisory techniques—the framework “disentangles” these complex systems, extricating relevant factors for analysis. This scheme should make it possible to identify and resolve the factors contributing to impact, or lack thereof. Past studies often left the causes of lack of impact unclear—that is, whether the advisory techniques used were inappropriate to the objectives of the program or the local context, whether the extension agents had insufficient training, whether the system was ill-managed or too centralized, and so on.

Box II-4 Framework for Designing and Analyzing Agricultural Advisory Services



Sources: Devised by authors.

Note: NGO indicates nongovernmental organization; FBO, farmer-based organization.

#### 4.1.4 Factors That Influence Best Fit

To identify best fit options for providing and financing agricultural advisory services, the factors that influence the comparative advantages and disadvantages of different options need to be considered. These factors are referred to as frame conditions in Box II-4. The policy environment (Box II-4, Point E) for agricultural advisory services is an important frame condition. In particular, a country's political priorities and its agricultural development strategy have far-reaching implications for the appropriateness of different models for providing and financing agricultural advisory services. The proportion of the budget that a government allocates to the agricultural sector in general determines the scope for publicly funded extension. In addition, priorities within the agricultural sector play an important role, too. For example, a development strategy that focuses on highvalue agriculture will require a different model of agricultural extension than a strategy focusing on the promotion of foodstaple crops and food security. Likewise, the appropriateness of a mode of providing and financing advisory services will be influenced by the challenges to be addressed, including nutrition, health and environmental challenges, and the relative priority that governments and other providers place on economic growth, social inclusion, and environmental sustainability. In a given country, the above factors interact to determine the (explicit and implicit) objectives as well as the ultimate

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beneficiaries of the extension system. The farming systems and socioeconomic conditions (Box II-4, Point F) under which advisory services are provided also constitute important frame conditions. In defining farming systems, relevant variables include the agroecological potential; the types of crops and livestock that are or could be produced; the level of market integration that can be achieved; and farm household access to land, capital, and other inputs. From the socioeconomic standpoint, important aspects include the heterogeneity of the rural population in terms of assets, ethnicity, education, and other factors, as well as the level and type of social organization - in particular the existence of farmers' organizations and the possibilities for creating and fostering such organizations. In addition, socially determined gender roles influence the strategies that need to be applied if female farmers are to be reached. Likewise, the prevalence of social hierarchies and social exclusion influence the strategies required to reach disadvantaged groups. The capacity of potential service providers (Point C) is also an important frame condition, especially in determining appropriate governance structures. For example, if the country under consideration has an effective public administration system but weak private and NGO sectors, the public sector may have a comparative advantage in providing services. In practice, the extent to which the private sector chooses to play a role in agricultural extension services depends largely on the associated economic opportunities. Past experiences with outsourcing indicate that it often takes time for NGOs and private-sector companies with the ability to provide professional advisory services to emerge.

The design of the most appropriate system for providing and financing agricultural advisory services under a particular set of frame conditions is arrived at via a learning process. Learning can be supported by national and regional networks, in which planners, managers, and practitioners involved in agricultural advisory services exchange their experiences and reflect on solutions. Research can support the learning process by analyzing past experiences of agricultural extension reform around the world. Analysis of the performance, impact, and costs and benefits of different models plays an important role in identifying appropriate systems and promoting institutional learning. Points P, H, and I in Box II-4 correspond to an impact chain analysis. Examples of indicators of performance (Point P) are the quality and content of the advice, the ability to reach women and other disadvantaged groups, and the efficiency of service provision. In practice, it is useful to identify appropriate performance indicators in consultation with stakeholders and clients. Point I in Box II-4 refers to the impact of agricultural advisory services with regard to their original policy objectives. As the framework shows, the impact ultimately depends on the decisions made by farm households and clients and on other factors that need to be controlled for in the analysis. The framework can be applied as a feedback loop, whereby the determined extension impacts modify the frame conditions (as indicated by the arrow from Point I back to the frame conditions), thereby providing information about how systems evolve over time.

#### 4.1.5 Concluding Remarks

The framework described in this brief should prove useful in policy planning and research. In particular, it will help countries to identify approaches to providing and financing agricultural advisory services that fit their specific conditions and priorities. Hence, practitioners and researchers are encouraged to adapt and further develop the framework to fit their needs. A discussion forum has been established for the purpose of exchanging ideas and further developing the framework (see <[www.ifpriblog.org/ifpriblog/forums/21/ShowPost.aspx](http://www.ifpriblog.org/ifpriblog/forums/21/ShowPost.aspx)>).

### 5. Sustainable Livelihoods, DFID (Summary by Carmen Hess, 2003)

Sustainable Livelihoods (SL) is a framework for planning pro-poor development interventions. A livelihood is defined as a combination of resources used and activities undertaken in order to survive and thrive. Resources are, for example, individual skills and abilities (human capital), land, savings, equipment (natural, financial and physical capital, respectively), formal groups or informal networks (social capital) upon which people draw in pursuit of a safer living.

A livelihood is sustainable when

- it can cope with and recover from shocks and stresses
- it maintains or enhances its capital assets
- it does not undermine the natural resource base

Typical of SL is that it builds on the strengths of poor people. Natural and financial resources are considered assets but – above and beyond – social, human and physical assets should be used for creating new opportunities to the poor. Participatory methods and tools are applied for identifying major strengths and assets as well as for prioritising strategic entry points for development activities that in all likelihood will produce significant impacts at the micro level.

SL approaches emphasise the need for political changes at the macro level. Private and public organisations (i.e. structures) as well as policies, laws, and institutional procedures (i.e. processes) must become more considerate of poor people's demands. Political action must be taken to change organisations, policies and procedures in a way that makes them more supportive to the objectives of poor people.

The framework has implications for the role and scope of extension. A report by Christoplos, Farrington and Kidd (2002) argued that agricultural extension has much to offer to the rural poor, provided they are perceived not merely as agricultural producers but also as labourers and consumers. Respectively, extension policy and practice have to widen their scope by focusing not only on increasing agricultural production but also on seeking new employment opportunities and on reducing the impact of shocks, trends and seasonality.

Since 1998, DFID is continuously refining the framework. Its main objective is to contribute to the First Millennium Development Goal: namely, to reduce by one-half the proportion of people living in

extreme poverty by the year 2015. More specifically, the objective is to create new opportunities for poor people.

The framework is useful for planning pro-poor projects and programmes. It departs from a good understanding of poor people’s objectives, also called desirable livelihood outcomes. Participatory analyses shall reveal what poor people are seeking to achieve and what they actually get. Respectively, it is important to differentiate groups of stakeholders who share certain objectives and constraints, and then to prioritise these objectives.

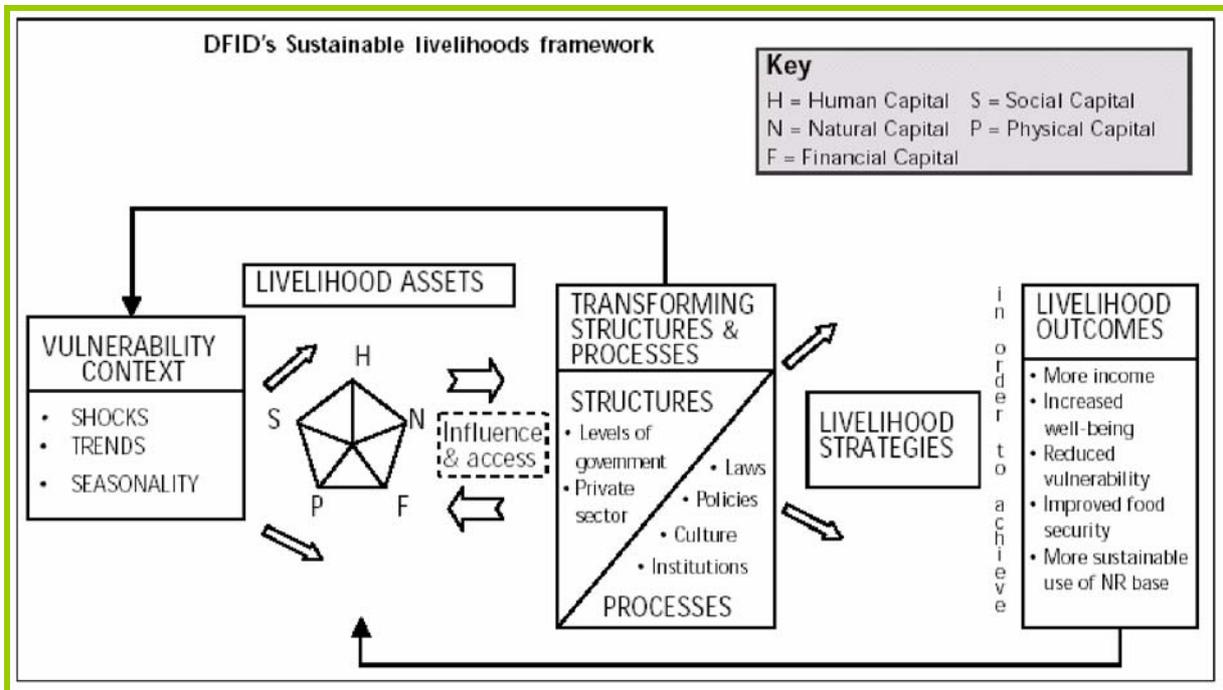
SL suggests concentrating on three components for strategic action:

- improving capital assets at the field level
- protecting people’s livelihoods against shocks, trends and seasonal stresses
- transforming structures (organisations) and processes (policy papers, laws, cultural and institutional procedures) at the macro level.

SL strategies try to harmonise poor people’s objectives with macro structures and processes.

Box I-9 presents central elements of the framework, which need to be addressed in pro-poor development strategies.

**Box II-5 Sustainable Livelihoods Framework**



Source: "SL: Lesson from early experience" (1999)

### 5.1 Improving capital assets

SL theory deals with five capital assets: human, social, financial, physical and natural capital assets. They should be analysed in order to determine their potential for maximisation, or transferability into another kind of capital asset. Social and human capitals are considered special assets for producing better livelihood outcomes in innovative ways. For more details about the meaning of each asset type, please refer to Box I-10:

#### Box II-6 Capital assets

Human	Skills, (thirst for) knowledge, ability to labour, or good health are important to the ability to pursue different livelihood strategies
Social	Networks, membership of groups, relationships of trust, reciprocity and exchange, access to wider institutions of society are assets upon which people draw in pursuit of livelihoods
Financial	Savings (cash, bank deposits, livestock, jewellery, etc.), earned income and supply of credit provide people with different livelihood options
Physical	Infrastructure (roads, rails, telecommunications, sanitation, energy), and production equipment and means enable people to pursue their livelihoods
Natural	Land, water, trees, wildlife, marine resources, biodiversity, etc. are useful resources for poor people's livelihood strategies

Participatory analyses should bring to light, which capital assets are most helpful for reducing poverty. Respectively, the role of pro-poor extension could be to facilitate such participatory analyses and planning processes.

### 5.2 Reducing vulnerability

The vulnerability context comprises shocks, trends and seasonal issues, which have a negative impact on poor people. Sudden shocks might be illness, floods, earthquakes, sudden price changes, war, violent disputes, and crop and livestock diseases. Gradual trends might be increasing population pressures, declining commodity prices, the disappearance of markets, or the rise of new ones, soil erosion, deforestation, increasing accountability of the government, or more efficient production techniques. Within such a context, pro-poor extension could select and give support to some of these issues, which would help to make poor people's lives more secure.

### 5.3 Transforming structures and processes

An important area for intervention is the transformation of structures and processes at the macro level. Structures are represented by public and private organisations. Processes describe, "How things are done". They are embodied in policy papers, laws, cultural and institutional procedures, which

consequently determine how people interact. In the case of pro-poor extension, policy and practice must become coherent and complementary to each other and should be modified in a way that makes them supportive of poor people’s objectives.

**5.4 Organisational Aspects**

Ideally, SL projects and programmes work at two levels: the field level and the macro level. At the field level, they identify the principal objectives of the poor. At the macro level they aim at reforming organisational structures and processes. Negotiation between stakeholders at the micro and macro level is needed as well as co-operation. The main preconditions for co-operation are twofold:

- a shared vision of objectives; and
- a common conviction of the benefits of co-operation in order to produce cumulative effects.

Box I-11 describes the division of labour between various stakeholders and agencies

**Box II-7 Division of labour between stakeholders**

Stakeholders	Tasks
Politicians and public administrators	reforming relevant policies, laws and regulations as well as organisational structures
Implementing agencies (public, private)	improving the asset situation of the poor reducing insecurities affecting poor people
Donor, DFID	informing about the SL framework providing training (social and methodological skills) supporting co-ordination and collaboration (between donors, across sectors and between different groups of stakeholders)
Poor people	analysing asset situation and prioritising “best bet” entry points being involved in action planning, negotiation, implementation and evaluation

All efforts should contribute to the main objective, namely to create new opportunities to the poor for reducing poverty in a sustainable way.

**5.5 Special considerations for organising pro-poor extension services**

Service delivery in remote areas often works only in exceptional circumstances, such as area-based watershed-management, niche products such as organics, and commodity- or input-focused initiatives (Christoplos et al. 2002). As a consequence, there are strong arguments for pulling government support back to district town level, i.e. centrally placed, accessible administrative, market and agricultural services. Specialist advisors can be located in one-stop shops supported by Internet access and other information communication technologies (ICT) for linking numerous actors and

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agencies (input suppliers, agricultural researchers and extensionists, traders, processing plants and distributors).

Organisational requirements are

- to privatise services in those areas already well integrated into markets while switching free resources to remote areas where the majority of poor people live.
- to make the service system more client- and demand-oriented, the performance of extension workers shall be judged by their clients (and not by their superiors alone).
- to empower poor people so that they can articulate their demands on the extension system; this could be achieved by a new type of community development, or by community-based para-extensionists who are capable to obtain what is needed locally (see also our Reader on Extension and Advisory Services, e.g. participatory extension approach, farmer-to-farmer extension, partner-centred extension, or farmer field schools).

Public-private partnerships (government, commercial, non-profit) should be possible. Moreover, SL approaches need a long-term perspective (eventually beyond 10 years) and, correspondingly, financial support.

## **5.6 Political requirements**

National governments must be willing to support wider pro-poor policies, for example by designing Poverty Reduction Strategies. More specifically, agricultural policy papers should set clear objectives, which are moreover in harmony with the objectives of rural poor. Policies should also identify new opportunities for the poor (on-farm, non-farm). Laws and institutional procedures should be shaped in a way to become supportive to the objectives of the poor. Finally, the negotiation power of poor people in relation to market actors and extension providers must be improved.

## **5.7 Extension Services**

Extension organisations can support rural poor by providing the following services:

- supporting the rural poor in analysing capital assets and in identifying particular strengths,
- supporting a participatory analysis of the vulnerability context for specifying recurring stresses whose impact is reducible,
- facilitating reflection and decision-making processes among the rural poor for identifying the best entry points and for designing action plans,
- providing or arranging services in accordance to action plans,
- identifying and changing policy regulations, laws and institutional procedures, which have a negative impact on the rural poor,
- enhancing participation of poor people in decision-making processes at all levels.

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Extension of this sort has a much wider scope than traditional agricultural extension. It has to go beyond issues of agricultural production and productivity by assisting in identifying the most suitable and feasible way to reduce poverty and insecurity.

A vast number of extension methods and tools can be applied, in particular participatory ones for facilitating quality analysis of problems and solutions. SL provides typical questions (related to each framework component) on guidance sheets. The SL toolbox is continuously expanded and gives information on: participatory poverty assessment; social analysis; stakeholder analysis; gender analysis; participatory monitoring and evaluation; governance assessment; institutional appraisal; macro economic and market analysis.

SL approaches are encouraging as they pay attention to poor people's strengths and not only to their needs and problems. It does not come as a surprise that participatory analyses and planning procedures are relatively expensive in terms of time and funding for facilitation needed.

Costs for the government are incurred

- by providing public infrastructure (if prioritised as a best bet 'entry point'),
- by reforming organisational structures and procedures, policies and laws,
- by financing staff, logistics and service provision for improving the asset situation of the poor,
- by supporting participatory analysis and planning processes (jointly with donors),
- by fostering human resource development, i.e. training (jointly with donors).

Costs for donors are incurred

- by providing information about the SL framework and approaches to partner countries,
- by supporting participatory analysis and planning processes (together with government, or implementing agencies),
- by supporting co-ordination and collaboration between public and private agencies and poor people,
- by supporting workshops on vision sharing, prioritising "entry points", and cross-sectoral action planning,
- by supporting training courses in partner organisations,
- by supporting capacity building among the poor (increasing negotiation power).

Costs for poor people are incurred

- by making use of their resources, assets and labour,
- by investing time for situation analysis, planning and implementation as well as capacity building,
- by paying for goods and services that have a private good character.

Cost-recovery from the poor will be logically minimal. A long-term investment of public and donor funds would be needed in a reliable and secure way.

Sustainable livelihoods provide an interesting pro-poor framework, which could translate into effective development action, if all stakeholders are to pursue the same objectives. It might be important to

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judge national governments in terms of their authentic interest in improving poor people's lives. Problems will arise when governmental commitment to support pro-poor policies and actions remains rather weak. But if political will, financial and social commitment to the poverty focus are lacking, the success of SL approaches will be jeopardised. Therefore, pro-poor, good governance of partner countries is probably the main precondition for turning SL interventions worthwhile.

## **6. Suggestions for making extension more pro-poor (Neuchâtel Initiative)**

The preceding analysis suggests that, to be effective, pro-poor extension must be embedded in broader pro-poor rural development policies, and that priorities and components should ultimately reflect an understanding of and commitment to poverty reduction. One of the most fundamental requirements for making extension more relevant to the poor and vulnerable is to build on a broader understanding of livelihoods. This means ensuring that the components of extension embrace not simply direct agricultural production related issues, but also those concerned with institution building. This is true for all extension efforts, but especially important when looking for ways to better support the poor, since they are very often excluded or marginalised by existing institutional structures. Sustainable poverty reduction demands that the poor gain more power over their lives. Genuine reorientation of existing extension bureaucracies is a difficult task, as it will require reallocation of financial resources, and retraining of many extension staff. Attention must be paid to influencing the perspectives and attitudes of the extension personnel that the poor encounter if they are to trust that civil servants (or NGO staff, representatives of producer organisations and 'community leaders' for that matter) are sincere in supporting their 'empowerment'. Again, sound understanding of the local context will be necessary before appropriate approaches, including institutional arrangements and allocation priorities, can be identified.

All governments and NGOs are resource-constrained to varying degrees, as is reflected in the steady decline of village-based extension service structures. This means that an incremental approach is necessary in piecing together the elements of a desirable agricultural policy and extension system. This puts a premium on careful selection of priorities, sequencing and identification of funding sources for a coherent strategy. It also demands a pluralistic yet realistic vision regarding what might be the roles of the state, private sector, civil society and external donors and NGOs. For the many countries that rely heavily on aid, donor support will be required to ensure that these priorities are reflected in the new architecture of aid – in Poverty Reduction Strategy Papers (PRSPs) and Sector-Wide Approaches (SWAs), for instance – and that external resources are adequately coordinated. Even where policies are agreed and resources exist on the ground for their implementation, there will always be gaps between intended and actual patterns of implementation. This may be attributable variously to inadequacies in skills, rigid budgeting structures, corruption and non-legitimate political interference. There may also be positive changes when policy meets practice and is adapted accordingly. Unintended patterns of implementation may be due to subsidiarity, as local actors

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discover the inadequacy of central level policies and adapt their efforts to better address the needs they encounter. These issues are particularly important in decentralisation efforts. Potential safeguards against both poor and inflexible implementation include not relying on a single delivery agency, but on a multiplicity of different institutions with different skills and structures. Competition among various extension organisations will be important when they address private goods, while more effective co-ordination or co-operation will be important to bring actors together to provide public goods, such as watershed management. Enhancement of the capability of clients to make demands on the system will be important in all phases, from policy formation to implementation, and above all to the relationships between poor producers and extension providers, particularly those reliant on public funding. This points to a need for strengthened coordination capacities at different government levels, even if the state is pulling out of direct service provision. Poverty reduction has often been described as resting on three major pillars: creation of opportunities, enhancement of security and increase of empowerment. The following suggestions outline where components of pro-poor extension may be found within these three categories.

### **6.1 Creating and supporting opportunities for the poor**

Extension can contribute to creating and supporting opportunities for the poor through increased agricultural production/productivity and access to employment. Options for enhancing production and labour markets through technological change include the following:

- Labour absorbing rural development trajectories can be supported on small, medium and large farms.
- Institutions can be developed capable in some degree of redressing market imperfections, including producer organisations, mixed institutional arrangements such as NGO/public sector models, para-extension workers, one-stop shops, and information communication technology (ICT) links with advisory services and markets.
- Institutions can also enhance the capacity of the poor to identify their technology-related requirements and to select appropriate sources of advice, inputs and credit supply. In high potential areas especially, this may often require providing support at other levels of the commodity chain and the broader service arena (e.g., rural banking, business development services and quality control).
- In more isolated areas, where there are usually modest prospects of linking low-income producers to markets, there may be some limited opportunities for niche products with high value relative to transport costs (e.g., honey, spices, organic products). Incentives for start-up (whether financial or non-financial) may be necessary where the private sector is hesitant to invest, but will need to be designed and implemented so as to ensure that collaboration with the private sector is encouraged and not displaced.

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## 6.2 Enhancing security and reducing vulnerability

Vulnerability is a central feature of poverty. Reducing vulnerability means increasing resilience to livelihood shocks, protecting the environment, providing access to safety nets and supporting better health and nutrition. It also involves setting extension priorities within an awareness of broader threats to rural development stemming from chronic conflict and violence. Examples of priorities for enhancing security and reducing vulnerability include:

- In countries threatened by HIV/AIDS, finding an effective role for extension demands strong sensitivity to the changing labour economy and farming systems, and realistic adaptation to declining human resource capacities in extension services. These issues are currently being explored in many countries, and specific strategic options can be expected to emerge in the near future.
- Sensitivity is also needed where conflict or natural disasters have disrupted pre-existing markets for agricultural products and labour. Public extension services are frequently pulled in to assist with short-term (or even recurrent) food or cash-for-work programmes to shore-up the labour economy. There is potential for improving impacts by using the knowledge and experience available in extension agencies to better design these interventions within an understanding of pre-existing livelihoods and more long-term development priorities.
- Reducing vulnerability to floods, landslides, erosion and other hazards, stemming from environmental destruction, increasing population, climate change and settlement patterns is a major public responsibility. Some public funding of rural services in general (and extension in particular) will often be necessary to promote technological change that reduces these risks. Greater attention is needed to reviewing whether extension priorities that have been chosen for their potential for generating aggregate production increase may unintentionally aggravate such risks.
- Agricultural development has a contribution to make in addressing chronic insecurity. Without tangible improvements in people's livelihoods in poorer regions, the cycles of conflict that are apparent in many parts of the world can be expected to continue. Rural violence can be mitigated through livelihood opportunities for youth and marginalised groups. Despite profound challenges, extension is one of the few tools with which to promote livelihood stabilisation in areas plagued with chronic conflict.
- In general, since extension structures are often drawn into post conflict and post natural disaster rehabilitation efforts, greater systemic efforts should be made to ensure that the potential of linking such programmes to goals of reducing risk and contributing to overall development is achieved.

**Livelihoods in Crisis: a new and growing challenge for extension**

One of the most pressing and difficult issues facing extension is how to support the reconstruction, restoration, rehabilitation and eventual transformation of livelihoods where pre-existing strategies have collapsed in the face of war, environmental destruction and natural disasters. If there is anywhere that organised support to technological change is needed, it is in places where former livelihood strategies are no longer viable. Perhaps the biggest challenge in designing extension strategies for such contexts is to transcend the implicit assumption that support to agricultural rehabilitation should be about helping people to simply return to the livelihoods they pursued before the crisis. The starting point should be an acknowledgement of uncertainty about what it is that should be rebuilt. As conflicts drag on for decades in many parts of Africa, and as entire production systems collapse in parts of the former Soviet Union, the rural poor are no longer farmers simply waiting in refugee camps to return to their farms. Many refugees and internally displaced persons returning to the rural areas of Afghanistan and Angola have little direct experience of smallholder production, having adopted livelihoods as soldiers, refugees, labourers and slum dwellers. Unemployed farm labourers in Tajikistan may have no experience in managing a farm. Re-establishing rural livelihoods is not just a matter of sending these people home and pumping in fresh investment capital. Extension priorities must be anchored in an understanding of the livelihood opportunities, objectives and uncertainties of people who are no longer or not yet farmers if appropriate, sustainable and humane transitions from relief efforts to new forms of rural development are to be achieved. Extension plans also need to reflect an awareness of how different technological trajectories and land use patterns may either aggravate or mitigate ethnic and other conflicts over natural resources. Knowledge is key. The need for extension when people return to rural areas is enormous. Institutional capacities, whether public or private, to meet these challenges are usually extremely limited. For this reason it is important to begin considering what it is that should or could be rehabilitated soon after a crisis occurs in order to ensure that local institutional actors can benefit and be strengthened by flows of international resources, rather than allowing them to be sidelined by large international actors, as is too often the case.

**6.3 Increasing voice and empowerment**

The poor need a stronger stance in dealing with institutions of government, civil society and the market if they are to transform production increases into better livelihoods. The following three points briefly summarise the relationship between extension and empowerment:

- Power is related to producers' knowledge of the market for their products, ability to update that knowledge, and institutions that create a critical mass for negotiation and a choice of production and marketing options. This primarily suggests that producer organisations and a variety of

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community organisations have an important extension role in helping poor farmers learn about markets, access regular information and join together to take advantage of market opportunities.

#### Rethinking extension and the role of the state

New visions for extension suggest that governments should primarily act as enablers, supporting an array of agents from the private sector and civil society, and should not merely provide services directly. In order for this to lead to genuine impact, extension policy must transcend a narrow focus on existing agricultural extension bureaucracies. It must also go beyond production technologies to provision of support to the production context. A major role for the state as enabler will be to empower the rural poor to meet their own technology needs and to make effective demands on providers of extension, inputs, marketing advice, and other types of services. In this context, it might pursue varying combinations of the following six possibilities:

- enhancing skills that increase producers' power to negotiate (knowledge of marketing, quality control, certification, etc.);
  - improving infrastructure that increases producers' power to negotiate by not having to sell the harvest immediately (storage, processing and other post-harvest technologies);
  - building organisations and institutions that increase producers' power to negotiate and demand services;
  - encouraging the existence of more than one person for the poor to negotiate with (policies that provide incentives for more competition among traders and a more dynamic service economy);
  - shifting the control of the production process to producers by strengthening capacity to manage linkages of credit, processing, marketing, quality control and input supply;
  - encouraging diversification to avoid dependence on one crop, buyer or processing structure.
- 
- Power is dependent on poor people having a choice among different livelihood options. Extension has a significant potential role to play in increasing entitlements to the knowledge and resources required to pursue such a broader range of livelihoods. Poor producers must have the voice with which to demand the services they require to take advantage of those opportunities.
  - Extension services can deal with some of these factors directly. In others, its role will need to be developed within a broader policy and institutional environment that enhances the power different groups of poor people to exert their demands.

#### 6.4 Considering spatial priorities

One of the central aspects to be considered when deciding how to promote pro-poor extension is that of taking into account where the poor actually live. This will determine the potential for either helping poor people to engage in market opportunities or, where market opportunities are very limited, helping them cope with their vulnerabilities by reducing risk or improving subsistence production. The following scheme suggests how one might differentiate priorities in high potential and marginal areas respectively.

**In high potential and accessible areas, pro-poor extension priorities will in many cases mirror broader efforts to encourage pro-poor economic growth.**

In these areas the poor obtain their livelihoods directly through own-account, market oriented farming, and indirectly through wage labour opportunities in the expanding rural economy. The private sector is increasingly dominating the agenda for technological change in accessible areas. The public sector plays a relatively limited role, and is increasingly limiting its focus to clearly defined public goods, especially as related to addressing vulnerability to livelihood shocks and social protection related interventions in environmental health, sanitation, and nutrition. Labour markets are increasingly important in the livelihoods of the poor in high potential areas. Extension interventions that the poor may benefit from in high potential areas include:

- commercialisation of fruit, vegetable, livestock, and dairy production;
- expanded micro and small-scale irrigation;
- labour-saving technologies for households to help them to take advantage of wage labour opportunities;
- labour-intensive technologies for large-scale agricultural production;
- environmental health interventions (particularly in peri-urban agriculture) such as dealing with the pollution of water supplies by livestock, processing plants and horticultural pesticides;
- promotion of technologies that reduce risks of landslides and floods stemming from inappropriate land use patterns and population increase;
- improvement of product quality, timeliness, and sanitary control.

**Coping strategies still are dominating the agenda for many low potential and isolated areas, although some openings do exist for limited growth oriented strategies.**

Needs are enormous, but institutional capacities are often weak and getting weaker. To suggest that public-sector extension can reverse the overall trend of retrenchment from low potential and isolated areas is rather over-optimistic. There is, however, a role for public-service institutions to participate in finding synergy between social protection, temporary safety nets and 'normal' development. Extension interventions that the poor may benefit from in weakly integrated areas include:

- subsistence production;
- diversification of diets;
- natural resource and watershed management;
- more effective use of safety nets, such as by providing agricultural training in conjunction with relevant social fund investments and microfinance;
- more effective links with relief and rehabilitation programmes through a focus on risk and vulnerability;
- skills for migration, such as training for semi-skilled employment in large agricultural enterprises;
- technical advice for products with high value relative to transport cost (where not already dominated by better off producers).

As discussion of the issues above has highlighted, the state will need to continue to play an important role in relation to extension in both high potential and marginal areas. But this will vary given the circumstances and will often require a realignment of its relationship with other actors and agencies. Where the state can have a role in the provision of extension, this may vary from being a service deliverer to being an enabler. Clearly the tendency in many situations is for the former role in delivery to be reduced due to resource constraints.

**Extension for the poorest?**

A question that must ultimately be addressed in assessing if and how extension can become more pro-poor is whether or not it can reach the so-called poorest of the poor. Even if national policies ostensibly promote pro-poor extension, in practice services may fail to reach the extremely poor and destitute. Extension for the poorest needs to encourage:

- redirecting research to focus on generating technologies that require minimal land and other resources;
- making institutional arrangements sufficiently attractive to draw staff to poorer areas and provision of logistical capacity to ensure that extensionists can reach the isolated poor;
- addressing ethnic differences through recruitment and training from minority populations;
- increasing knowledge and capacity within the extension organisation for judging markets for the non-traditional crops for which the poor may have a comparative advantage;
- reassessing policy directives to ensure that they explicitly take into account labour markets and consumption factors in extension priorities;
- judicious use of aid resources to avoid underlying assumptions that targeting the poor is the role of NGOs and donor-financed projects rather than line ministry structures.

It is clear from this list that reaching the poorest of the poor is not merely a matter of tweaking existing structures. Extension for this target group may perhaps be best developed within structures outside of regular line structures in ministries of agriculture, and with resources from social protection programmes, rehabilitation projects and civil society.

### III. Special Papers

#### 7. Qualification of demand – a necessity for effective service provision and delivery. Some thoughts about a well-known problem. (Rainer Neidhardt)

Neidhardt, Rainer. 2005. Qualification of Demand. In Services for Rural Development. GTZ, Bulletin #13: 20-22. [www.gtz.de/agriservice](http://www.gtz.de/agriservice).

##### 7.1 The background

For many years cooperation with developing countries was oriented strictly along what developed countries wanted to offer. There wasn't much analysis of the real needs of the recipient countries nor of the clientele to whom the services were delivered. This used to be very frustrating for the field staff, as adoption rates were frequently very low despite all efforts and inputs. Specifically rural development and agricultural extension gained the reputation of being expensive and ineffective. That has probably contributed to the reduction of funds for the green sector by most development institutions.

As a consequence of the frustrating results in many cases, researchers and development workers tried to find approaches to determine the demand for services of the target groups and to tailor the offer of cooperation according to the needs of the people the projects were supposed to serve. Despite noticeable success, many projects became more costly instead of cheaper. It was frequently impossible to cater for all needs identified and therefore important target groups were excluded implicitly. Project management became difficult because of the multiple demands, sometimes very diverse and not always coherent. What had happened?

##### 7.2 Some observations

The beneficiary groups of rural development and agricultural extension have difficulties to express their demands in a clear and structured manner. This is specifically true for the underprivileged, the poor, the women and the minorities. They have little access to education and are frequently without experience in structured communication and setting need priorities. They vary in their expressions of what they know as benefits – like soft credits, subsidised inputs and market infrastructure at no charge – and political programmes outside the scope of sector-specific cooperation. Under these conditions it is very difficult to come up with a project concept that takes the demands seriously and can still be managed economically and sustainably.

The communication between ministry, NGO or project and the underprivileged in the rural population is more complicated than one might expect. Both sides first have to develop a common language enabling them to understand each other. Confidence is frequently lacking due to past experiences of misunderstandings and unfulfilled promises from both sides. Outsiders frequently treat underprivileged people as lacking intelligence, as well as knowledge and opportunities. They tend to patronise them

rather than to accept them as equals. This makes an open dialogue nearly impossible and reproduces old relationships of dependencies and submission. What needs to be done to improve demand orientation, by taking into account both the needs of the poorer section of the rural population, while on the other hand keeping projects manageable and economically feasible?

### **7.3 Foster the capacity for dialogue**

To start demand orientation of development measures, a dialogue has to be initiated between change agent – ministry, local administration, NGO's or project – and all subgroups of the clientele. To be effective such a dialogue has to fulfil some basic criteria:

- Both sides are willing and able to listen to each other without prejudice and interruptions;
- both sides are conducting a dialogue considering each other at the same level and with the same rights, without manipulating or putting undue pressure on the other;
- the form of dialogue used should give both sides the opportunity to develop and express the ideas behind the proposals made;
- taking the proposals and ideas of the partner in the dialogue seriously and looking for agreement and consensus without covering existing differences.

Examples are approaches based on participatory appraisal and technology development methods. These methods allow peer communication, despite wide differences in formal knowledge and different cultural backgrounds and beliefs. For foreign experts and even for national specialists it is difficult to really listen with open minds and without cutting short the expression of ideas by the poor rural dialogue partner. Based on our studies and experiences we already have an idea about the problems and the possible solutions the people are trying to explain to us, so we rush them along or become absent-minded. But our partners will not cooperate in resolving their specific pattern of problems if they are not sure that we really understand them and that situations require specific and tailor-made solutions. Only if the rural poor are convinced that we are helping them to resolve their problems – not the problems of all the poor of the world – will they be willing and able to contribute to development solutions and to accept that services from outside and their own contributions are both needed to improve their specific situation. In this dialogue the experiences and knowledge of outsiders become important assets to show feasible ways to resolve problems but not if they are used as justification to insist on proposals the partners have not really understood and absorbed.

### **7.4 Foster the capacity to formulate demand**

It is not easy for a heterogeneous group of people with different experiences and needs to formulate demands that may guide an administration, an NGO or a project. It is helpful to clarify beforehand with the clientele the aim of cooperation, the ways and means of delivery and the areas where the project/programme can and will not become active. This will help the prospective clients to focus their internal discussion realistically.

It is difficult for the rural population to define needs and requirements without analysing their own situation in a systematic way. Few people can do that on their own without the necessary tools and analytical knowledge. These are generally not skills taught in rural primary schools. The client population need some basic understanding of economic housekeeping, of technical innovations and of the terms used to communicate with extensionists and technicians. Most probably the target group has to be differentiated by potentials and needs. To foster the capacity of these target groups, external partners can assist specifically through:

- Training on basic economic and technical subjects, picking up the people were they are in their understanding und knowledge;
- helping the group(s) to organise the process to articulate their needs and to help each other;
- consulting through dialogue in the sense of coaching emergent leaders and specific interest groups.

It will not be possible to take up the whole of the prospective clientele at once. Start with the most interested and flexible persons of all the subgroups of the clientele for the services (e.g. women, landless farmers, minorities), and not only with the most powerful and politically established. Help the people to organise themselves around a topic of common interest – the cattle owners, the cotton growers, the daily wage labourers without own resources, the head- of-household women, etc. This way it should be possible to get a differentiated and clear picture of the demand of the people needing services but having had little or no access. The differentiation according to defined subgroups gives the supplier of services the chance to focus on specific needs. Not every supplier has to cater for all needs, but should concentrate services on the topics he/she is good in. For neglected needs the qualification of the service provider is as important as the qualification of demand. For an administration, NGO or an international project, the differentiation helps also to get clear ideas on the form of financing. While users can increasingly finance services directly improving productivity or production output, activities to foster self-organisation or basic economic housekeeping may permanently need external finance.

## **8. Germany: Semi-privatized Extension Circles in the State of Baden-Württemberg (Jochen Currle and Volker Hoffmann)**

Currle, Jochen, Hoffmann, Volker. 2004. Germany: Semi-privatized Extension Circles in the State of Baden-Württemberg. In W. Rivera, G. Alex, eds., Demand-Driven Approaches to Agricultural Extension. ARD/World Bank, Discussion Paper 10: 83-91. [http://lnweb18.worldbank.org/ESSD/ardext.nsf/11ByDocName/ExtensionReformforRuralDevelopmentVolume3Demand-DrivenApproachestoAgricultureExtension/\\$FILE/Extension\\_Reform\\_V3\\_final.pdf](http://lnweb18.worldbank.org/ESSD/ardext.nsf/11ByDocName/ExtensionReformforRuralDevelopmentVolume3Demand-DrivenApproachestoAgricultureExtension/$FILE/Extension_Reform_V3_final.pdf)

Agricultural extension in Germany is the responsibility of the federal states (Hoffmann et al. 2000). Therefore, in spite of the common framework of EU and federal agricultural politics, a variety of systems for organizing and financing agricultural extension has evolved, due to historical reasons and regional specificities (Hoffmann 2000; Hoffman 1996). However, the worldwide discussion about how to make agricultural services provision more efficient and the pressure of budget cuts led to reforms in all of the states. These changes are still underway and specific to each state.

### **8.1 Extension Services in the Federal State of Baden -Württemberg**

The countryside of Baden-Württemberg, a southern state in Germany with an area of 37,000 km<sup>2</sup> and about 10.5 million inhabitants, is worked by some 86,000 farmers on their small and medium sized farms (average size: 19.4 ha.) (Stat. Landesamt 2001). After World War II, it was decided to establish a public extension system to support farmers in raising production and productivity in order to provide food security at low prices. A state law on agriculture issued in 1972 confirmed this policy and ruled that agricultural extension had to be free of cost to recipients (MELF 1972). The rationale behind this was to guarantee an adequate extension service for all farm families and farm enterprises, given the great variety in their production systems and economic standards. Regional branch offices of the state ministry of agriculture thus provided extension, and the extensionists were state employees.

A number of factors drove reform in agricultural extension. The 1972 law remains valid, but the conditions for agricultural extension changed radically during the 1970s and 1980s. In times of EU-wide overproduction, basic food security was not an issue any more and could not be used to justify public spending in support of higher agricultural production and productivity. Public agricultural extension was increasingly questioned in the public debate. Instead of concern with production, the public focus was directed more and more toward the sustainability of agricultural production systems and the protection of the environment and landscape. Extension was challenged to reorient its strategies and content accordingly.

Prices for agricultural products came under increasing pressure and forced many farmers out of business. The number of farms declined by 70 percent between 1955 and 1995. Many other farms were in critical situations. This led to an increase in demand for very intensive consulting services directed toward issues of future prospects in farming and basic life-planning decisions. Remaining farm production was increasingly concentrated in specialized units focused on specific production lines (i.e., dairy, fattening) instead of following the risk-minimizing concept of producing a broad range of goods. This led as well to demands from farmers for more specialized and in-depth production information and advice. This challenge in the demand for more specialized services, together with the other evolving demands could not be answered satisfactorily by the existing extension system; which had to struggle with other administrative burdens. During the 1980s, EU regulations and programs and the implementation of income transfers for landscape care nearly drowned the staff of regional branch offices. Staff time available for preparing and delivering technical advisory services was steadily

shrinking. All of these factors led in the late 1980s to a situation that frustrated farmers and advisers alike.

Reform was overdue (Grosskopf 1989). Public extension system staff had to be eased of their overburden of tasks in order to redirect and focus advisory efforts on newly evolving core tasks of providing advice for (a) sustainable and environment protecting production and animal rearing following ethical rules for animal welfare; and (b) elaboration and implementation of farm business plans needed to address the crises of individual farms and households. This left the in-depth information and advice on specific economic and production problems of specialized farms to be provided for without incurring major additional public expenses.

## **8.2 Extension Circles as the Heart of Reform**

In 1989 the state Ministry of Agriculture (MOA) issued a reform paper (MLRELF 1989) on further development of agricultural administration and extension. This paper proposed a semi-privatized extension structure based on so-called "extension circles." The basic objectives of the reform were (a) cover the growing demand for advice on specific production and farm economic problems of the growing, specializing farms (MLRELF 1991); and (b) ease the burden on public extension officers and help them redirect their efforts toward the newly evolved focus of publicly financed advice.

An extension circle is founded by joint action of a group of farmers who formally associate and elect a board composed of farmer members plus one staff member from the regional administration branch of the MOA. The board hires up to five advisers (with a ratio of about 50 farmers per adviser). The association applies for recognition and support from the ministry. Once the MoA recognizes the association, it is eligible to received MoA support for (a) fifty percent of personal and technical costs (up to 28,500 Euro per adviser); (b) technical and methodological training of the adviser; (c) use of infrastructure of the regional MOA branch offices; and (d) participation in the technical research and information system of the MOA (MLRELF 1998).

## **8.3 Development of the Model**

In 1989 21 model extension circles were founded with strong support of MOA branch offices (MLRELF, 1991). Nine of them specialized in crop and animal production, nine of them in intensive gardening and horticulture, and three in ecological agriculture. This number has now increased to about 50 recognized associations, employing 82 advisers. This number is still far from covering all farms in Baden-Württemberg. With a farmer-adviser ratio of 50:1, the program now covers about 10 percent of the farmers. With ongoing structural changes and specialization in agriculture there is clearly more potential demand for services under such an approach. That there is no accelerated growth of associations may be due to several reasons. The following three reasons seem most important:

1. The advisory association idea and implementation came from the ministry and the first 21 groups were initiated with strong support of the regional branches offices, which were strongly encouraged in this by the ministry. This has changed and there are now a number of associations initiated by farmers. Still, considerable effort is required to organize and do the necessary paperwork to obtain 85 MOA support. This is difficult for hard-working farmers who are often very concentrated on running their own farm.
2. The circles and the advisers' activities are strictly limited to knowledge and information support for farm economic and production problems. Organizing input provision or joint marketing activities under an advisory association would result in withdrawal of state support (MLRELF 1997). The MOA insists on this rule in order to avoid weakening the competitiveness of rural trade and service enterprises. This restriction keeps potential members from joining circles, fearing the added value of extension services might not outweigh the annual membership fees of about 750 Euro.
3. During the first couple of years after the introduction of the model, MOA regional branch staff were very reserved and suspicious, fearing competition and loss of skills. This attitude is still nourished by lack of a clear-cut definition of different tasks and separation between the tasks of public extension and the circles. As a result advisers in the public service have not wholeheartedly encouraged the foundation of new advisory associations. There has also been some friction with existing associations sharing offices and infrastructure with the MOA regional branches.

When MOA started the reform in 1989, the idea was to complement the regional branch offices with a closely linked semi-privatized service for production advice. As a rule, one circle didn't employ more than one adviser located in the regional branch office. In recent times, this concept has faded, as associations become more independent. The last couple of years have seen several mergers of circles to overcome the relative isolation of their advisers and build-up their own organizational and infrastructural strength.

#### **8.4 Impacts of the Reform**

Assessing impacts of a reform usually focuses on the following question: Were problems tackled by reform measures resolved or at least lessened? Looking into things a bit closer may help to discover impacts, positive or negative, that were originally not intended. In the present case, the first two questions would be: (a) Could the extension circles offer a useful service for specialized farms in addressing their production and economic problems? And, (b) Did the introduction of extension circles ease the workload of public extension officers and give them room to redirect their extension focus?

Two issues arise with regard to the second kind of impacts-- the ones that were not explicitly aimed at in the reform. The first issue relates to the question of service quality and the working relationship between farmer and extensionist. The second issue relates to the consequences for the state budget.

### **8.5 Satisfaction of Circle Members and Improvement in On-Farm Results**

A recent study of extension circles in Baden-Württemberg (Gruber 2002) revealed that 80 percent of Circle members give high positive scores (satisfactory to excellent), when asked to evaluate the impacts of advice on their own farms. Satisfaction with the model is implied as well by the steady growth of the circles. Even more convincing in this respect seems to be the growth in membership numbers in the existing circles. Three of the early associations have increased their membership by up to 250 percent (Oechsner and Schneider 2002, pers. comm.).

Comparison of production results may be another indicator of the usefulness of the circles' extension services. Even though attribution of impact is always difficult (was it really the advisory support or were changed frame conditions responsible for the effects?), production figures for one association indicate very positive results of the advisory effort. Usually, after some years of membership in this advisory circle, farmers improve both their farm management skills and productivity. In a 10-year result comparison of one of the first circles, it is striking that on average member farms expanded their numbers of milking cows by 29 percent and land by 56 percent. Productivity, measured in yearly milk yield per cow, grew by 27 percent (Willige 1999).

### **8.6 Facilitation of Public Services Reorientation**

The second question is whether public administration and extension officers could reorient their work and do their residual tasks more effectively? The answer is two-fold. With the introduction of specialized production-related advice, the pressure on the public extensionists to always be knowledgeable about all recent production-related technical developments was definitely eased. Even though some public extensionists regret their loss in technical excellence, this gave them some breathing room on other tasks.

The additional time available to public sector extension staff tended to be swallowed-up by increasing administrative tasks, especially implementation of EU regulations and by giving advice on how to organize production and fill applications to obtain transfer payments from the state, the federal government, or the EU. These transfer payments usually are tied to environmentally sound production rules or landscape protection measures and make up to 30 percent of the average farm income. In that sense, a reorientation toward more public goods content of public extension did definitely occur. However, this occurred without either the administration as a whole or the branch offices going through a process of conscious reorientation, determining increased working capacity and focussing this capacity on the newly evolving demands.

### **8.7 Impacts on the Public Budget**

The state supports the associations with a yearly contribution of up to 50 percent of the total costs or a maximum of 28,500 Euro per adviser. After their initial registration and recognition by the MOA, an association must apply for financial support every year. The ceiling of 28,500 Euro has not grown over

the last couple of years, so that for a number of circles the state contribution presently is not more than 40 percent. The remaining costs, which the association members have to shoulder, are usually shared according to the following concept: Every member farm pays an equal basic amount every year and a contribution related to its production resources (e.g., arable land, milking cows, and fattening places).

Considering staff costs for public employees of up to 50,000 Euro and additional running costs for an adviser of another 20,000 Euro, the savings for the state budget seems to be enormous. However, considering the fact, that the reform was a reaction to a totally unsatisfactory delivery situation that called for improvement, actual money saving should not necessarily be expected. Indeed, budget savings for extension cannot be found, if we compare the situation before and after the introduction of the advisory circles. In the short run, it is rather the other way round--financial support for the advisory circles caused budget increases, because the agricultural administration and extension branches could not easily be cut back, given their heavy burden of administrative tasks. There was reduction of administration staff over 87 the last ten years, but the existence of extension circles is not a major reason for this reduction. The question of budget savings has to be put the other way round: Would it have been cheaper to provide the increased demand in quality and quantity of advisory services by expanding the public extension system? The answer is definitely no.

### **8.8 Quality of Advisory Services and Working Relationships**

The quality of advisory services has improved considerably for members of the associations. Given a farmer adviser ratio of 50:1, each member can count on at least four days of direct contact with the adviser (calculating 200 working days per year). Unlike public advisory services, that provide individual one-time support for farmers on request, the association advisers provide continuous support to their farmers, including yearly profitability checks, group internal benchmarking, and exchange of experiences and distribution of newsletters. With an adviser free of administrative tasks and free from responsibilities to enforce governmental controls and regulations, the old role-conflict problem is history, and chances for a more trusting and closer relationship between farmer and adviser are great. On the other hand, this working relation is not without problems for the adviser. As his or her clients are at the same time her or his bosses, there is a tendency to have heavy demands for services and potential for advisers to be exploited. Usually circle advisers work very hard and have little time for recreation (Willige 1999). This, together with the fact that they often feel they are "a lonely fighter" without opportunities for promotion within the association, makes it sometimes hard for them to survive. Some 30 percent leave the position after less than two years, becoming frustrated or having fought with the circle members. Others often quit after some seven years, selling their experiences and practical excellence for more promising perspectives.

The member farmers define their needs and determine the focus of advisory work. This leads to a high degree of satisfaction among the membership of the association. However, experience shows that

capable leadership of the association is necessary in order to have all members agree on working objectives for a given period; and to translate these objectives into acceptable terms of reference for an adviser. If this doesn't happen, consistency in understanding of responsibilities and priorities is a problem and, confronted with a different idea on every farm, the adviser is in danger being overburdened or going astray (Sievert pers. comm. 2002).

### **8.9 Sustainability of Reform**

Sustainability of the reforms basically is asking whether the driving forces that provoked the reform will persist, and whether the results from the reform are acceptable in the long run by the stakeholders. Starting with the first question, it is clearly foreseeable that the trend toward middle-sized farms with a specialized production focus will continue and the demand for specialized production knowledge will definitely increase. Furthermore, administrative burdens on the public service will not become less, as the reorientation of public advisory services toward agro-environmental and more holistic topics like farm or even rural development will most probably not be turned back (Koch 2001).

As to the long-run acceptability of the reform results, we probably enter into the question of costs and sharing of the financial burden. On the side of the state, there is still great interest in rural areas and the farming sector. Co-financing of the associations therefore should not be a core problem, given as well the comparably low burden of some three million Euros per year. However, there is some insecurity, as state co-finance is dependent on biannual budget decisions. If the applications for co-financing rise considerably, a reduction in the state share may be considered. Provision of infrastructure, information and, most importantly, adviser training will surely be provided, as long as this is manageable within the existing structure of the public system.

An upcoming difficulty in this respect may be the increasingly divergent training needs of generalist public advisers and highly specialized circle advisers. It is not very likely that the state will create and implement an extra training program for the advisers of the associations. On the other hand, the farmers who are members of the circles, accept and are getting more and more used to shouldering a share of the costs for advice. However, experiences show (Currle and Schutz 2001; Nagel et al. 2002), that there is a certain threshold up to which middle-sized farms will contribute to costs of extension delivery. If state contributions become less than 30 percent, farmers usually leave the associations in great numbers.

In conclusion, sustainability of the reform seems secure, if at the most sensitive point, the sharing of the financial burden between state and farmers considerable changes are not made.

### **8.10 Conditions for Scaling-up and Transferring the Approach**

Scaling-up and replication of reform elements worldwide would need to consider several necessary conditions. The approach works well in an environment of middle-sized, specialized farms with high market integration. It probably would be impossible in a subsistence environment, because of the

sheer scarcity of money. It would also be hard to apply the group approach with large industrialized farms that are geographically far from each other and, if specialized in the same area of production they might be competitors in the same market.

For small farmers, extension circles seem to be superior to government extension provision, provided the problem of finance can be resolved. This might be possible through arrangements whereby farmers contribute only 10 percent of the costs of services and receive a 90 percent subsidy from government or humanitarian sponsors. This model will definitely work better in an environment, in which farmers producing for family subsistence also grow a cash crop that provides some cash income.

## **8.11 Lessons Learned**

### **8.11.1 Allow and Facilitate Steady Adaptation**

The case presented shows an overall positive model for tackling some of the major difficulties of public extension. Twelve years of experience shows that state subsidized extension associations can effectively provide specialized day-to-day support for farmers on questions of production and production-related farm economics. This model provides effective extension services (i.e., reasonable client-extension ratio, well-trained experts) for middle-sized farms that could not afford to pay full costs of a private adviser. Looking more closely at the frictions between state administration staff and the new institutions that dominated the introductory phase of the program, two main lessons can be drawn:

1. Political will to implement the reform (Rivera and Zijp 2002) is not only important on the central level of administration, but has to be conveyed in a transparent way to the level of day-t- day cooperation.
2. This transparent communication process includes early involvement of concerned actors at the lower level and a clear redefinition of tasks. Making this reorientation of tasks a conscious step in the process helps identify and make the best use of the additional capacity freed-up in public administration.

As the farming sector and administrative environment change rapidly, it is important for program rules and programs to allow for flexibility. As associations and advisers gain experience and as extension circle membership numbers grow, advisory circles should be given greater self-determination. Very close administrative support was important in initial phases of circle development, but, with the maturing of the circles, this is no longer necessary.

### **8.11.2 Train Farmers to Manage a Service Enterprise**

A difficulty, that definitely shows up with the introduction of task-oriented farmer groups, is the sometimes low capacity of members to guide that group, to manage and facilitate decision making,

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and to direct one or more employees (advisers) in an adequate way. In this respect public administration has to provide assistance and training. Training in these skills is a new challenge for public extension services and it is likely to be the focus for future tasks. However, direct involvement of public administration in management of circles should be restricted to only new associations in the start-up phase.

### **8.11.3 Prepare Advisers Adequately**

Advisers employed by the circles have to be prepared for their jobs, but the preparation they get from college or university is definitely not sufficient. An effective introductory training program is needed and should be provided by the agricultural administration and supplemented by regular meetings for the exchange of experience. This could help to create cohesion and solidarity among the advisers and would counteract the “lonely-fighter-problems” that can be found in some of the circles. Although it is quite acceptable for young advisers to leave their positions after some five to seven years in order to find new professional challenges unavailable in an association with at most five employees, it is important to prevent massive early dropouts after less than two years.

### **8.11.4 It Is Not a Cheap Solution**

As pointed out earlier the subsidized extension adviser approach is very intensive and tailored to meet the day-to-day needs of member farms. This intensive support for individual farms demands a high adviser/client ratio. In the case of Baden-Württemberg, six circle advisers (50:1) replaced one public adviser (300:1). Even with a considerable contribution from the client-farmers, the cost per adviser will not drop six-fold. This leaves three options:

1. The state can accept that an improved advisory service for farmers requires more funding.
2. The number of circle extension advisers can be reduced and the adviser-client ratio stretched toward the existing figures for public extension. However, this option involves the risk that farmers will not see a real contribution to their production and income; and consequently will be unwilling to pay their membership fees.
3. The public advisory service can be retained and farmers served by a subsidized extension circle program can be carefully targeted to address special needs and not exceed a certain percentage of the total farmer population.

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## 9. Financing of agricultural extension for farmers of a private producers' association (Ulrich Schmidt), [lacasetta@libero.it](mailto:lacasetta@libero.it)

Schmidt, Ulrich. 2005. Financing of agricultural extension for farmers of a private producers' association. In Services for Rural Development. GTZ, Bulletin #13: 50-52. [www.gtz.de/agriservice](http://www.gtz.de/agriservice)

The most important development and donor organisations pay special attention to the contribution made by producers' associations for farmers in reforming and privatising national extension systems worldwide(1)(2).

Whether extension or advisory activities become sustainable within private and commercial farmers' associations depends mostly to what extent they can become self-financing and whether or not they contribute to the overall success of an organisation. Several authors describe the way, explaining that the financial resources for private extension must be generated through the commercialisation of agricultural products and services (3). Extension work within a private farmers'- producers' association should therefore not be perceived simply as a burden and economic charge for the provider, but as part of the organisation, as an input or an investment for the members.

In a German-funded project for technical cooperation (GTZ, AFC – Agriculture and Food Consultants International GmbH, Bonn), the experiences gained with a farmers' association in the north of Romania ("Federatia Agricultorilor de Munte Dorna", FAMD) were summarised, and the economical aspects of an advisory service to members were systematically analysed over a period of three years (4).

Two theses for the refunding of extension costs can be formulated from the FAMD experience:

1. The closer the subjects and contents of extension work are linked to the commercial side of an association, the better are the chances of financing it
2. The safer the financing mechanisms are, the better are the chances of refunding the expenditure for advisory work in time

For a successful integration of extension work into a privately organised farmers' association the experience from FAMD shows that the extension service

- must be in line with the targets of the association (target-conflicts are harmful);
- must have an adequate dimension in the organisation (staff, budget);
- must be in relation to the commercial sectors of the association (resources).

When extension work within a private farmers'- producers' association is considered as an input towards the members, its financing must become transparent and predictable. A number of criteria or indicators for predicting the probability of refunding extension activities can be used as a support for the management of an association, in order to decide whether or not to embark on a certain programme (see Box III-1):

The limitations of extension work within a private farmers'- producers' association are:

- high start-up costs for the creation of producers' associations (donor- or government-funded),
- the restriction of the target group (linked to a market, not including subsistence farmers),
- the limitation of the topics (linked to the business areas of the organisation),
- the necessity of a positive economic environment.

In extension strategies the strong and the weak points of this approach must be taken into account, in order to attribute to private farmers' associations an adequate role as extension service providers.

**Box III-1 Criteria for forecasting the probability of re-funding extension activities, according to the expected effects**

<b>Negative preconditions</b>	← x →	<b>Positive preconditions</b>
Economical effects on the target group are insignificant and uncertain.		Economical effects on the target group are significant and certain.
The expected economic benefit will come after a long period.		The expected economic benefit will be immediate.
The benefit can hardly be perceived by the target group (sophisticated methods).		The benefit can easily be perceived by the target group.
The mechanism for financing advisory work is a direct one ("hot money").		The mechanism for financing can be an indirect one ("cold money").
High start-up expenditure on farmer's side is necessary.		No or low start-up costs on farmer's side are expected.
The number of potential applicants / users is low or uncertain.		The number of potential applicants / users is certainly high.
The economic effects on the organisation / provider are not predictable or very low (increase of turnover, sales).		The economic effects on the organisation / provider can be estimated and will exceed the costs for the extension work.
The amount of pre-financing through the association is considerably high and needed for a long period of time.		The amount of pre-financing through the association is small and covers only a short period of time.
When planning extension activities, costs and the re-funding are not clear.		When planning extension activities, costs and refunding can be estimated.

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