

## The Neuchâtel Initiative

### Review of Experiences on Market Oriented Agricultural Advisory Services (MOAAS)

**Countries:** Togo and Benin

**Time period under analysis:** 1992 - 1999

**Institutions/agencies involved:** GTZ

**Project purpose:** Rural development, food security and marketing

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#### **Services supported:**

- Applied research
- Rural advisory services/ extension
- Technical service providers and certification
- Rural Financial Services
- Marketing Services
- Training
- Organisational Development of Groups and Associations

#### **Question 1: What are the general settings and arrangements for MOAAS?**

The German Federal Government's development policy aims to support interventions that move towards a peaceful and just world, sustainable development and just globalization. To achieve this, the policy targets four dimensions of sustainable development:

- Social justice: frameworks for poverty reduction and social equity;
- Economic performance capability: pro-poor growth and economic cooperation;
- Political stability: peace, human rights, democracy, and equal rights;
- Ecological balance: conservation of the natural resource base on which life depends.

MOAAS can substantially contribute to these dimensions in many respects. A peaceful and just world can only come into reality if all people are enabled to make a decent living. A sound rural and agricultural development policy is a framework for poverty reduction which will lead to increased agricultural production and increased outputs in related sectors. Improved agricultural production and rural services can create jobs and wealth in rural areas, reducing migration to towns and contributing to better incomes and a higher standard of living. Income created in agriculture in rural areas will fuel other local economic sectors, thus stimulating broad-based growth in rural regions.

Through agricultural development facilitated by MOAAS, poverty can be reduced considerably. But there are limits. As intellectual, physical and financial capacities of economic actors (farmers, traders, laborers) are not equal, the results of their economic undertakings will not be equal. An increase by "*mis en valeur*" of certain capacities of some economic actors will produce uneven results. Agricultural development will lead to expansion and intensification especially by those who have higher intellectual, physical and financial capacities than others, causing income disparities to increase. Some may also feel that agricultural production is not their choice of livelihood and will seek other opportunities to make their living. Equal income distribution

is thus most unlikely to be an outcome of agricultural development. Nevertheless social equality can still be maintained by strengthening factors that contribute to social and cultural cohesion.

Improving agriculture through MOAAS gives the rural poor a chance to improve their standard of living, but it is ultimately each person's responsibility to make use of it. MOAAS is not a paternalistic system leading individuals to higher production. It is also not a system of controlled production where farmers are told what and how to produce, leaving individuals with managerial decisions alone. While MOAAS aims to increase farmers' management abilities, their different situations and choices will lead to different results.

Increasing agricultural production of well-known crops in an area will lead to an oversupply. This oversupply has to be absorbed by a market in order to avoid a collapse of prices. Thus rural markets have to have strong links to regional, national and even international markets. Sustained economic growth can be only achieved by economic cooperation on different levels.

MOAAS can contribute to increasing people's awareness for the need to conserve the natural resource base upon which life depends. This can be done at national, regional and communal levels.

As mentioned above, farmers have varying individual intellectual, physical and financial capacities. These shape how farmers can react to market stimuli. Farmers also face external factors. Some of the most important include access to land, fertility of the land, rental prices, the availability of an input and marketing system, availability of credit, availability of machinery, the road infrastructure and the level of competition they face.

When roads are built, communication improves and physical goods and information spreads. Information is important to inform sound decisions, but is not always readily available in rural areas. Radios have improved the spread of information considerably. Market information about product price and volume helps producers and traders to find fair prices. To make best use of such information, farmers may need other resources, especially self-managed warehouses and credit facilities that can help them to take advantage of price fluctuations, and cooperatives that can help them better negotiate with traders.

In many countries, MOAAS are attached to the government. Most of the extension agents in development countries are employed by the government, and are generally underpaid. As government employees, they must answer to the government over farmers, and they may sometimes have additional government-related duties to perform.

Most of the traditional agricultural extension systems have a spatial orientation. One, two or three villages are covered by an extension agent. In these villages, the capacity and level of understanding of the farmers can differ a lot. When the extension agent comes to the villages with a message, it is perceived and understood differently by these different farmers. Some will make use of it, others will not. In many cases this kind of extension service gives only limited results at high cost, as the extension agents have low qualifications, limited transportation and little supervision.

The training-and-visit system had good results when it was applied to irrigation schemes or to certain cash crops like cotton. However, when applied towards improving subsistence agriculture, it ended in disaster.

The business integration approach has been more promising, in which extension services are incorporated into the input chain. In this approach, no extension agents have to be paid. Cooperative managers and private traders are trained to give advice when selling a product. This system ensures that advice is only given on products as they are available. Compared to area-based extension workers, much fewer managers need to be linked to the extension system and trained. Only those retail managers who provide inputs to farmers are told the recommendations for the most suitable variety of seed, fertilizer, etc., in the village and for the respective crop.

### **Question 2: Who are the clients of MOAAS?**

Several thousand farmers, both small and large, have used advisory services. In the business integration approach, farmers are business partners and treated as clients. In the traditional approach, farmers are seen as the target group, and extension agents get their salaries regardless of their performance.

In the traditional approach, economic extension services were not connected to economic actors. Because of that, farmers had no real interest in listening to extension agents. Only in case the government offered something, the message came with an economic impact and thus attracted farmers' interest. The business integration approach expanded the clientele of advisory services to include input providers, business managers and rural bankers.

The clients of agricultural advisory services are often a lethargic crowd, especially farmers. They rarely seek information proactively, but rather they tend to react passively to advisory recommendations. They can formulate demand for seeds, fertilizer and credits, but not usually for appropriate or better inputs. However, the common demand for seeds, fertilizer and credits, and subsidies for the same, can even be expressed in violent demonstrations directed at government.

Most clients are not organised, even when extension agents talk of groups. These groups have no real cohesion or dynamism; their only function is to listen. In those rare cases in which groups constituted themselves, extension agents tended to view this as a threat to their own influence and authority.

### **Question 3: What approaches and methods are used for agricultural advisory services?**

Conventional approaches to extension are well described in agricultural extension handbooks. These approaches are developed by university teachers and affiliated donor projects, rather than growing from farmers' own initiatives. They are usually implemented through a top-down organisation, under government ministries or local administrations, and designated to particular geographic areas. Some of them do well as long as they are donor funded, some fail even with such external financial support. Those advisory services are mainly driven by the government or donor identified needs, rather than by the people. Thus they deliver messages which are per-

ceived as being good for the clients, but which do not necessarily match their demands.

Many extension projects end in financial collapse after donors end their support. Government funds are insufficient for paying the operating costs of these expensive systems. In the absence of external financial support, extension agents often sit in their offices with no transport, no petrol and no allowances.

Extension agents usually receive their training from university or college. The messages they then pass on to farmers about high yielding varieties, sophisticated equipment and well-targeted fertilizer formulations do not correspond with the reality of farmers or the actual availability of inputs. Thus the agricultural advisory services and the clients relate sometimes about subjects without much grounding in reality. Extensionists can organize meetings for the sake of appearances, especially for the purposes of presenting their activities to supervising organizations, while the farmers are happy to have a free lunch.

A very important lesson is that conventional agricultural advisory services are not working well. They are luxury services, especially advisory services for small-scale subsistence agriculture. Simple extension services, such as the T&V system, work well when applied in the right framework. Maintaining conventional agricultural advisory services for subsistence smallholder agriculture is just a waste of money. Costs and benefits can only be balanced if cheaper forms of extension services are used. No developed country has or previously had an agricultural advisory service with an input/output relationship as we see it in developing countries.

#### **Question 4: What are the outcomes and impacts of agricultural advisory services?**

Most conventional agricultural systems tell farmers how and where they could better sell their products. But as markets are very dynamic, most of the information of MOAAS is not very relevant. Only where these services use the radio, more relevant information reaches the farmers. But once farmers know the prices, they still have to find a trader to carry their products to the markets. The advice of the agents on the topic of marketing is often very theoretical and not of much practical use.

Taking these factors into account, it is no surprise that agricultural advisory services have little impact. Only in cases where extension services go beyond a pure advisory role and become closely related to input and marketing chains are the results satisfying.

The unpredictability of markets can result in unexpected outcomes unless counter-measures such as front run buying in case of state interventions, or kickbacks by state subsidy programmes.

Salaried public extension workers can earn much more money by doing less work than their clients. This can have a negative impact in the sense that it sets a bad example for young people who are looking for a better life than farming.

#### **Question 5: What is the role of development cooperation and other key stakeholders?**

Development agencies have pumped money into agricultural advisory systems which national governments could not maintain independently. They also brought in theoretical concepts elaborated in their universities and applied to agricultural institutions mostly inherited from colonial times.

Governments used these services to extend their power in rural areas. Extension agents, depending on the government system, also performed and perform control functions in addition to their subject area expertise. They had to ensure that the government policy is implemented, through for example, meeting production targets.

Other stakeholders have been bystanders in conventional agricultural advisory systems, with no or limited functions. This is one of the major reasons why many of those projects fail. Technical advice is only relevant if accompanied by physical inputs. Thus the input and marketing systems together with the financial system are the key elements to be addressed if agricultural production is to be improved. The government has to create a market-friendly environment, including good infrastructure, and should not suppress farmers.

Theoretical concepts and huge amount of donor money do not necessarily contribute to agricultural growth. Concepts must be adapted to local conditions to be sound, and must meet local needs through a conducive environment.

#### **Question 6: What linkages exist between agricultural advisory services and other types of services?**

In some projects, attempts have been made to link different kind of rural development services. Unfortunately some donors, including GTZ, have decided to separate these services. For example, in the case of financial services, agricultural advisory services were linked to revolving funds for special products in rural development programmes. These funds are now separated in so-called micro-finance systems development projects, to the disadvantage of both agriculture and finance, since finance will have greatest development impact when linked to economic activities to which it can be applied.

Another limitation of linkages is that they are donor and organisation-driven and do not take into account local interrelationships.

#### **Question 7: What are the general lessons learnt in terms of e.g., good practices, obstacles, pitfalls?**

It is common to question how innovations in agricultural advisory services can be up-scaled. In fact, this question should be reversed, since in practice, innovations are usually downscaled.

Traditional agricultural advisory services for subsistence production are only a luxury playground for international donors, and are best forgotten.