Transitioning from public to private sector agricultural extension: drivers, challenges and implications for policy, practice and research

Margaret Najjingo Mangheni, Associate Professor Department of Extension and Innovation Studies, College of Agricultural and Environmental Sciences, Makerere University, Uganda.

Introduction

Agricultural extension systems everywhere are experiencing unprecedented changes and transformations, accompanied with tremendous challenges for all involved. Historically conceived as a public service targeting farming populations with agricultural information and technologies, the private sector and civil society are increasingly playing a role. There are new clients (including the diverse actors in entire agricultural value chains located in urban areas versus the traditional focus on rural farmers; large-scale commercial farmers as opposed to subsistence small-scale farmers, youth, women); and new messages. Besides technology transfer, agricultural extension is now expected to advise on business and entrepreneurship, value addition, farmer institution development, and facilitating linkages between farmers, other actors and service providers.

Private sector involvement in agricultural extension is inevitable, given the changed context of agriculture. In industrialised countries, previously state-owned and managed extension services have been completely or partially privatised (e.g., New Zealand, UK and The Netherlands) (Rivera *et al.*, 2000), with radical privatisation innovations in less-developed countries such as Chile, Mexico, Colombia, Nicaragua, Zimbabwe, Zambia, Mozambique and Uganda, (Rivera, 1996). Privatisation reforms have included sub-contracting (public sector contracting private actors or the reverse), cost recovery and commercialisation. Contracting may involve separating functions of financing, procurement, and delivery of services. Most common is public-financing/private-delivery (or contracting out) and private-financing/public-delivery. Under the latter approach, as applied in Uganda and Mozambique, NGOs hire public extension advisors to provide services. Commercialising publicly provided services involves cost-recovery or fee-for-service systems in which private sector entities contract the public sector, as applied throughout Europe.

Private-sector responses have emerged spontaneously to fill gaps or opportunities in the marketplace, where farmers are willing to invest without public-sector encouragement; for example extension related to contract farming, agricultural inputs and commercial commodities, producer co-operatives, and the provision of veterinary services (Chapman and Tripp, 2003). Thus privatisation of extension has a range of interpretations. Under a purely commercial set-up, private extension is defined as “the provision of a service or advice by a private firm in exchange for a fee; the terms and conditions of the transaction being negotiated in an open market” (Chapman and Tripp, 2003). However, under state-initiated strategic approaches such as sub-contracting, privatisation means a service or advice involving private firms (and other actors) paid for by the client or on their behalf. This paper recognises the diverse interpretations of privatisation. It discusses the drivers and key challenges of transitioning from a public to a pluralistic extension system, with reference to a case study from Uganda and implications for policy, practice and research are drawn.

Drivers of privatised extension

Multiple drivers have triggered privatization reforms in various countries. Firstly, a growing disenchantment with the inefficiencies inherent in large public bureaucracies led many countries to adopt open liberalised macroeconomic policies to attract private-sector innovations and investments to improve service delivery, in almost all sectors including agricultural extension. Secondly, the objectives and functions of agriculture had evolved from a predominant focus on production to broader value-chain and market-oriented poverty reduction goals. Thirdly, the reforms were a response to a marked change in the profile of the agricultural firms, farms, and target population of extension and advisory services in many countries. Within developed countries, farmers were increasingly more educated, on larger farmers, and specialised. While most farmers in developing countries are smallholders, they are increasingly market-focused. In addition, there are people with more resources wishing to invest in agriculture and needing more specialised support. Essentially, there is growing demand for specialised extension and advisory services everywhere creating fertile ground for private enterprise and innovation, which is beyond the capacity of under-resourced, bureaucratic public extension systems.

International donor and funding organisations may have been key drivers of privatisation, especially in developing countries. The World Bank pushed the philosophy of privatisation as a means of increasing effectiveness. Many believed that while government could continue to fund extension services, services were best delivered by subcontracted private-sector providers. Some believed "governments had created extension bureaucracies that were over-staffed, had little funding for operating expenses, used unsustainable approaches, and were overly supply-driven, particularly in centralised economies" (Rivera *et al.*, 2000). Commentators stressed "the need to decentralise and devolve; to downsize, cut costs, and become more efficient; and to develop partnerships with other actors" (Rivera, 1996). Rivera *et al.* (2000) predicted:

> "*Continued economic liberalisation is likely to result in a growing number and greater diversity in extension service providers, as demand for new products, information, and services develops and incomes rise. Farmers and rural dwellers already have access to an increasing number of information sources. Steady improvement in rural infrastructure and rising standards of literacy will change the nature of demands, and continued government fiscal restraint will force reduction of subsidised state extension for market-oriented producers. These developments are likely to lead to a rise in the numbers and types of contracting and partnership arrangements for extension*."

Challenges of private extension

Privatisation of agricultural extension brought many challenges related to the change of mindset from agricultural information as a public good to a private good; how to reach poorer farmers who are not attractive clients to the private sector; and how to organise farmers to receive private extension services. At the national level, key challenges concern effective management of the transition from public to pluralistic extension with increasing private-sector participation. These challenges are elaborated below.

How to switch from treating extension information as a public good to a private good

The nature of agricultural information and its traditional dissemination within communities was shaped by the public-sector culture and mode of delivery. Agricultural extension information has traditionally been considered a public good because it can retain its value despite wide access (Chapman and Tripp, 2003). In addition, the communities' social connections within the community which underpin most of the learning and technological diffusion and changes have informed the conventional extension approaches such as farmer field schools (FFS) and farmer-to-farmer extension (FFE), among others. Privatisation of extension presupposes a private benefit from information, and calls for new extension approaches. Such approaches should facilitate a mindset change within extension organisations and staff, farmers, and other actors and incorporate business elements such as advertising, packaging information, pricing, customer care and relations. Success hinges on adequate sensitization and reorientation of the farmers to appreciate the economic value of information, so they will pay. As Chapman and Tripp (2003) point out, "*if farmers are unaware of the value of the information they receive and the benefits are not easy to observe, it can be very difficult to establish a market price for the service*".

How to make private extension services affordable and attractive to small-scale poor farmers

Evidence shows that private extension because of its profit motive tends to concentrate on larger farms, richer farmers, and on marketable agricultural enterprises (e.g., Davidson *et al.*, 2001 and Garforth, 2004). The concern is that privatisation does not adequately meet the needs of the diverse, subsistence-based, resource-poor farmers in developing countries, who are either unable or unwilling to pay for advisory services. However, public extension does not either. Davidson *et al.* (2001) in Pakistan found that while the private company Ciba (selling pesticides) provided extension services to farmers with large landholdings to enhance its market share and profit, the government extension service worked more with younger, more educated farmers. Both favour farmers with above-average education and landholdings. Effective approaches for incentivising both public and private extension services to reach the smaller poorer farmers are inadequate (Chapman and Tripp, 2003).

How to organise farmers to receive private services

Experience (outside of private extension) reveals difficulties for external agencies seeking to form self-sustaining groups of subsistence farmers. Private extension provision must deliver a certain minimum level and value of service to elicit broad-based and vigilant participation from farmers' organisations. Key to success is offering a package of services needed by farmers, for instance extension, inputs and output market, not extension services alone. Lessons from Chile (Berdegué Sacristán, 2001) showed that peasant associations that focus on specialised commodity markets with high transaction costs are most likely to be viable compared to those formed to gain advantage in traditional wholesale commodity markets and those that lack effective links to specific markets.

Only when it is proven that collective access to services is more profitable for farmers will service providers find it easier to mobilise and target farmers in groups. In all other cases, private services target individual farmers. Service providers face the challenge of determining which approach (group or individual) works best under the various circumstances, and how to sustain clientele interest and engagement.

Challenges of transitioning from a public to private extension system: the case of Uganda

In 2001, Uganda, through an act of parliament (NAADS Act: Government of Uganda, 2001) reformed its public extension system paving the way for a decentralised, farmer-owned, demand-driven contract system. National management was transferred from the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) to a lean semi-autonomous agency, the National Agricultural Advisory Services (NAADS), headed by an Executive Director with policy guidance by a Board of Directors. However, MAAIF retained the functions of policy formulation, disease and pest control, regulation and quality assurance. At the district and sub-county level, the programme was managed by coordinators. Farmers were mobilised into groups at village level, which aggregated to higher level fora at parish, sub-county, district and national level. The farmer fora were empowered to select enterprises for service provision, procure inputs, carry out monitoring and evaluation, participate in recruitment and supervision of service providers. Extension services were delivered to farmers by private staff on short-term contracts initially of 3-6 months, later increased to 1 year. The reform was implemented under the broader macro-economic policy frameworks of liberalisation, privatisation, democratisation and decentralisation that allowed civil society and the private sector to complement government efforts in agricultural service delivery. The reform adopted a market-oriented agricultural advisory services (MOAAS) approach aimed at transforming agriculture from subsistence to commercial. The Neuchatel Initiative's Common Framework on MOAAS defines MOAAS as "knowledge services which assist small- to medium-scale farmers and other actors in agricultural value chains to increase their access to markets and secure benefits from commercialisation" (Chipeta *et al.,* 2008). Interventions included 'Farmer Institutional Development', 'Advisory and Information Services to Farmers', 'Agribusiness Development and Market Linkages', 'Local Service Provider Institutional Capacity Development', 'Planning, Monitoring/Quality Assurance and Evaluation' (World Bank, 2010).

The programme faced the following key challenges: inadequate capacity at all levels to implement market-oriented extension and advisory services; failure to harmonize and coordinate institutions involved; weak farmer institutions and political pressures. The NAADS programme was terminated in 2014 due to unsatisfactory performance and currently there is a proposal to reinstate the Directorate of Agricultural Extension in MAAIF.

Capacity in market-oriented extension

The MOAAS approach failed due to inadequate public and private sector capacity at all levels (Mangheni and Mubangizi, 2007). The component on Local Service Provider Institutional Capacity Development was not implemented and there was no provision for building the capacity of the public sector actors in MOAAS (World Bank, 2010). According to AFAAS

(2011), MOAAS begins with a market focus affecting enterprise selection and the advisory service. Clients include producers but also all actors along the value chains with the aim of improving chain efficiency. The extension service providers possess a commercial background, business mindset, and appropriate skills; with specialised service providers hired to support specific segments of the value chain. These provisions were lacking in NAADS. Instead, advisory services were production-focused and were implemented by private extension service providers who still had a public sector mindset. The private sector cannot play certain roles in privatisation reforms when they do not have the capacity. Prior capacity assessment is needed and when found inadequate, the government should invest in private-sector capacity development rather than assuming it will arise. In addition, the reform needs to build the capacity of the public sector actors to play their new roles.

Institutional conflicts

Although MAAIF had overall responsibility for the reform, it seems oversight was lacking. The envisaged roles of the public sector, namely, service quality assurance and capacity building, establishing appropriate laws, standards and a regulatory framework for agricultural inputs and advisory services were not carried out (World Bank, 2010). MAAIF faced coordination challenges, with the semi-autonomous agency NAADS undermining its capacity to ensure adequate controls and harmonised action. Rwamigisa (2015) attributed problems to conflicting belief systems: a donor-dominated coalition which believed in radical reform; and a domestic MAAIF-led coalition that favoured gradual approach to reform. Failure to harmonise the NAADS structure with the local government structures led to conflicts in roles and responsibilities. According to the World Bank (2010), many local government extension staff remained on the government payroll, but had limited travel funds, hampering farmer interactions, and resulting in an ineffective parallel structure. Duplication was one reason cited for suspension of NAADS in 2007. The commodity focus of the NAADS programme provided little attention to cross-cutting technical issues, such as farming systems, soil fertility management, and natural resources management (ibid). Wide disparities in remuneration structures of the public sector staff (MAAIF and local government) and NAADS undermined public-sector morale and promoted staff conflict. For a more smooth transition, reporting and remuneration structures need to be harmonized.

Farmer institutions and political pressures

The approach did not foster strong self-sustaining groups owned by members. Instead, farmers tended to come together primarily to get support from NAADS, which undermined ownership and sustainability. Groups were reluctant to pay the co-funding of 3% to the project budget. The introduction of the inputs procurement function at group level following political pressure and the strategy of giving a few selected farmers a package of inputs on a revolving basis shifted focus from service/knowledge provision to input distribution. The criteria for selection were sometimes abused, preventing the most deserving farmers from benefiting. This reduced group cohesion, with eventual disintegration of some groups. Rwamigisa (2015) found that the transition from a less competitive movement system to a more competitive multiparty political system exposed the reform programme to undue political interferences, elite capture and governance problems. With the increased political competitiveness, NAADS became the obvious choice for politicians to use in disbursing inputs to accumulate political capital.

A lesson is that while agricultural extension services require complementary support services (e.g., inputs, financial services and markets) for optimum return on investment, extension should be organised separately. Procurement of inputs tends to derail the staff from their core functions of extension and advisory services. Secondly, to produce strong self-sustaining farmer institutions, the farmer institution development approach must not raise unrealistic farmer expectations for external material support as the key motivation for joining groups and political capture. Principles of farmer empowerment, farmer-driven innovation and problem solving should be ingrained right from the beginning.

Implications for policy, practice and research

Public extension had clearly failed to work in many developing countries. However, while private sector involvement is unstoppable, given the drivers presented in this paper, it will not resolve all extension issues. There is a critical role for the public sector in order to achieve agricultural transformation. It is important to carve out a niche for the private and public sector and develop appropriate policies and structures that ensure coordinated harmonised action, to ensure complementation rather than competition. This requires clear institutional roles; equitable investments; and coordination structures.

It is important to categorise types of farmers, geographical areas, commodities, and nature of information best suited to the various types of public and private extension (Chapman and Tripp, 2003). Private extension systems are more appropriate for larger commercial farmers, easy-to-reach geographical areas, and commodities with a ready market. They suit agricultural information with private good characteristics; e.g. information tied to use of a purchased input (e.g. instructions regarding a particular chemical), specific to an individual farmer's fields (such as tailored soil or pest management advice), or provided through long-term interaction with a farmer or group of farmers, time-sensitive market information. However, government needs to retain responsibility for financing extension on themes such as environmental protection and strategic enterprises which, though important, may be unattractive to the private sector (ibid).

There is need for research, documentation and dissemination of lessons on private extension approaches to consider:

- How to build capacity of service providers for effective private extension; what competencies are needed and how can they be best developed?
- Are traditional extension approaches and structures suited to private extension; what modifications are needed and how can systematic testing and learning be fostered?
- What kind of information is best suited for private and public extension under different contexts? What approaches are effective in marketing agricultural information and other advisory services to different kinds of small-scale farmers?
- What national policies stimulate/facilitate/hinder development of the private sector extension? What policies and conditions of service offer appropriate incentives for harmonised private and public extension approaches?
- What public sector roles, capacities support effective private extension?

- How to incentivise private extension to ensure that it attracts adequate investments and qualified actors so as generate adequate competition and resultant improvements in quality services to clients?

Conclusions and recommendations

Private extension can cover the spontaneous emergence of private markets for certain types of advice and service to carefully guided public support for the development of private extension provision. Despite the problems with public-sector extension systems, private-sector provision will not resolve all of them. Evidence supports pluralistic systems with both public and private actors performing different roles and targeting different extension needs in a coordinated manner.

The transition to private sector provision needs careful planning. The public sector needs to perform some critical roles in areas such as disease control, capacity building, quality assurance, policy formulation, coordination, and reaching poor farmers. It needs to invest in education and training to develop service provider capacity and farmers' capacity to contract, manage and evaluate private extension provision. This capacity is best enhanced through strong farmer-owned associations and through decentralised political structures, both challenging to create. Equally important is capacity development for public sector for quality assurance, enforcing ethics and standards; creating a conducive environment for the private-service providers to emerge and flourish; reaching small-scale poor farmers who do not attract private sector support.

Finally, it is important to invest in systematic documentation of lessons and research for advancement of the theory in extension science coupled with a need to re-think traditional extension approaches such as farmer-to-farmer extension, volunteer farmer trainers, farmer field schools, farmer groups; and adapt them to private extension contexts. Issues such as patents and intellectual property rights to knowledge and farmer innovations and business orientation to stimulate demand for services are of paramount importance.

References

AFAAS. 2011. Market-oriented agricultural advisory services (MOAAS): Guidelines for setting up MOAAS pilots. African Forum for Agricultural Advisory Services, Kampala, Uganda.
http://www.afaas-africa.org/media/uploads/publications/whole_book_afaas_moaas_ver03_pdf-ver-2.pdf [Accessed 16 April 2015]

Berdegué Sacristán, J.A. 2001. Cooperating to compete. Associative peasant business firms in Chile. PhD Thesis, Wageningen Agricultural University, Netherlands. library.wur.nl/WebQuery/clc/1635535 [Accessed 16 April 2015]

Chapman, R. and Tripp R. 2003. Changing incentives for agricultural extension – a review of privatised extension in practice. Agricultural Research and Extension Network. Network Paper no.132. Overseas Development Institute, London, UK. www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5192.pdf [Accessed 16 April 2015]

Chipeta, S., Christoplos, I. and Katz, E. 2008. Common framework on market-oriented agricultural advisory services. Neuchatel Group.
http://www.agridea-international.ch/fileadmin/10_International/PDF/NI_Publications/CF_on_Market-Oriented_Agricultural_Advisory_Services_small.pdf [Accessed 16 April 2015]

Davidson A.P., Ahmed, M. and Ali, T. 2001. Dilemmas of agricultural extension in Pakistan: Food for thought. Agricultural Research and Extension Network. Network paper no.116. Overseas Development Institute, London, UK.
http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5220.pdf [Accessed 16 April 2015]

Garforth, C. 2004. United Kingdom: ADAS and the Privatization of Advisory Services in England and Wales. In Rivera, W. and Alex G. Vol 2 Privatization of extension systems: Case studies of international initiatives. World Bank, Washington, D.C., USA.pp.56-64.
http://siteresources.worldbank.org/INTARD/825826-1111129171182/20431839/Extension_Reform_V2_final.pdf [Accessed 16 April 2015]

Government of Uganda. 2001.National Agricultural Advisory Services Act. Government of Uganda, Kampala, Uganda.
http://www.ulii.org/content/national-agricultural-advisory-services-act-2001 [Accessed 16 April 2015]

Mangheni, M.N. and Mubangizi, N. 2007. Requirements for successful privatized contract farmer-led agricultural extension: lessons from Uganda's national agricultural advisory services. In Mangheni, M.N. (ed) Experiences, innovations and issues in agricultural extension in Uganda: lessons, and prospects. Fountain Publishers, Kampala, Uganda. pp. 13-32.

Qamar, M.K. 2005. Modernizing national agricultural extension systems. A practical guide for policy-makers of developing countries. Food and Agriculture Organisation, Rome, Italy. ftp://ftp.fao.org/docrep/fao/008/a0219e/a0219e00.pdf [Accessed 16 April 2015]

Rivera, W.M. 1996. Agricultural Extension in Transition Worldwide: structural, financial and managerial strategies for improving agricultural extension; Public Administration and Development 16 (2), 151-161.
http://onlinelibrary.wiley.com/doi/10.1002/%28SICI%291099-162X%28199605%2916:2%3C151::AID-PAD868%3E3.0.CO;2-S/abstract [Accessed 16 April 2015]

Rivera, W.M., Zijp, W., Alex, G., Ashworth, V., Crowder, L. van and Anderson, J. 2000. Contracting for extension: Review of emerging practices. World Bank, Washington, D.C., USA.
http://documents.worldbank.org/curated/en/2000/12/5699809/contracting-extension-review-emerging-practices [Accessed 16 April 2015]

Rwamigisa, P.B. 2015. The political and institutional dimensions of agricultural extension reform process in Uganda: experiences of the National Agricultural Advisory Services. PhD Thesis, Makerere University, Kampala Uganda.

World Bank, 2010. Implementation completion and results report (IDA-34630) for the National Agricultural Advisory services project. World Bank, Washington, D.C., USA. [Accessed 16 April 2015] http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/08/11/000333038_20100811014210/Rendered/INDEX/ICR14210P044691IC0disclosed08191101.txt

Commissioned by: Technical Centre for Agricultural and Rural Cooperation ACP-EU (CTA)

Published by: CTA, http://knowledge.cta.int/
Edited by: J.A. Francis, CTA
Citation: CTA 2016. http://knowledge.cta.int/, "author" accessed on "date."
Copyright CTA 2016. Articles and material published on Knowledge for Development http://knowledge.cta.int/ can be freely reproduced, provided that authors and source are fully acknowledged.