

Demand Driven Agricultural Advisory Services



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Summary

The main principles for Demand Driven Service Delivery Systems are:

- Services shall be driven by user demand
- Service providers shall be accountable to the users
- Users shall have a free choice of service providers

'Demand' is defined as what people ask for, need and value so much that they are willing to invest their own resources, such as time and money, in order to receive the services.

The Indicators for success of Demand Driven Agricultural Advisory Services are:

- Farmers have access to agricultural advisory services
- Farmers use the services
- Farmers have increased income from agricultural production
- There is increased competition among agricultural advisers

Preconditions for success are enabling policies and public sector commitment to the transition.

The public sector must stop free supply of extension services that can be delivered through the private sector.

Development of demand driven advisory services emerge when:

- Farmers are motivated – have reliable and profitable market opportunities
- Farmers have adequate capacity and organisations to formulate their demands
- There is a good choice of advisers available that are able to deliver the demanded services
- The delivery systems make service providers accountable to the users

Demand Driven Agricultural Advisory Services are enhanced by:

- Improved access to markets for the farmers
- Increased capacity and sometimes external facilitation for demand formulation and articulation
- User contribution to the costs of the advisory services
- Earmarked funding for subsidising the costs of the advisory services
- Building competencies of advisers to respond to the demand
- Appropriate approaches to quality assurance
- Demand oriented providers that are directly accountable to the users
- Channelling public funding through user groups
- Existence of capacity building and backstopping institutions for farmers and advisers

Introduction

Background and principles

The first Common Framework on Agricultural Extension for the Neuchatel Initiative (NI) was published in 1999 with the aim of presenting a convergence that was then emerging among donors on how best to support development of more effective agricultural extension in developing countries. In light of the changing environment in terms of decentralisation, liberalisation, privatisation and democratisation, it suggests a new pluralistic approach to extension delivery, which breaks away from earlier focus on technology transfer. This includes an increased emphasis on private suppliers of services and a change of attitude towards agricultural producers, who are seen as clients capable of demanding the services they need, rather than being mere beneficiaries.

This framework takes the above mentioned concepts a step further by looking specifically at the mechanisms which enable small- and medium-scale farmers to put forth their demands and thereby access the services that they need. It provides policy guidelines on how best to support development of demand driven agricultural advisory services and also on the appropriate roles of the different actors.

Agricultural advisory services are defined as services that make new knowledge available to farmers and assist the farmers to develop their farming and management skills. The terms 'advisory services' and 'extension' are used interchangeably in the Framework. The services may include:

- Dissemination of information
- Training and advice of groups of farmers or individual farmers
- Testing new technologies on-farm
- Development and dissemination of farm management tools

'Demand' is defined as what people ask for, need and value so much that they are willing to invest their resources, such as time and money, in order to receive the services.

The main principles for Demand Driven Service Delivery Systems are the following:

- Services shall be driven by user demand
- Service providers shall be accountable to the users
- Users shall have a free choice of service providers

Experiences so far show that living up to these principles is easier said than done. There are serious constraints for resource poor farmers to realise the benefits of demand-driven services. During the last two decades much work has been done on developing extension methodologies that would increase farmers' participation. These include Rapid Appraisal of Agricultural Knowledge Systems (RAAKS), Participatory Rural Appraisal (PRA) and more recently Farmers Field Schools (FFS). The methodologies are all good tools to improve the relevance of extension topics and the learning process for farmers. But the tools in themselves do not solve the major constraints that farmers face in becoming the 'drivers' of these services. There are serious structural constraints, which the methodologies do not address. Generally, small scale farmers lack capacity and mechanisms to articulate their demands and, because they are not well organised, their negotiation power is weak. Furthermore, service providers are not geared to offer the kinds of services that are useful to small farmers. In many cases, the effectiveness and financial viability of services are simply obstructed by lack of enabling policies to ensure access to information and markets. All these constraints must be addressed in order for new methods to be effective. For demand driven services to succeed they will usually require major institutional reforms.

The basic indicators for success are:

- Farmers have access to agricultural advisory services
- Farmers use the advisory services
- Farmers have increased income from agricultural production
- Greater choice and competition among agricultural advisers

When farmers choose to use and pay for advisory services it is the best indicator that the services reflect the content and quality that they require.

The objective is to increase agricultural income

The particular objective of supporting Demand Driven Agricultural Advisory Services is to improve the agricultural income and household food security of small and medium scale farmers by providing access to services that have the content and quality they ask for. The Common Framework on Agricultural Extension found that extension activities are more responsive when farmers are directly involved in defining, managing and implementing them, or in other ways can influence their activities (such as paying their salaries). It therefore emphasised the need for local management of funds for extension and also local contribution to covering the costs. This point is further elaborated in the Common Framework on Financing Agricultural and Rural Extension, which suggests funding mechanisms and user payment systems that ensure user commitment and make service providers accountable to the users. Extension should be seen as an investment like any other, where the driving force should be the potential for increased income for both service providers and their clients.

Different stakeholders have different demands

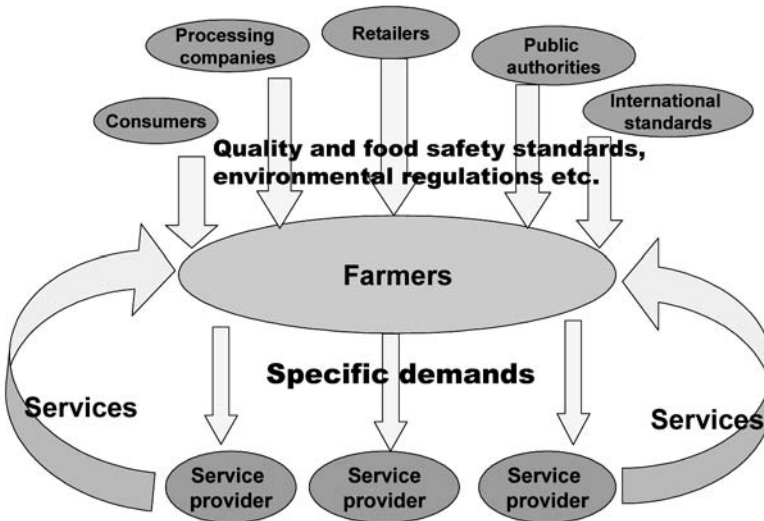
The demands *from farmers* are in many cases related to the demands being made *on farmers*. Producers operate in an environment of demands from various stakeholders in the agricultural sector: Marketing organisations, processing companies, traders, consumers, input suppliers and the general public.

The demands on farmers may consist of food safety standards and other quality standards, as well as official regulations related to, for example, environment and natural resource management. These standards and regulations strongly frame the nature of the advisory services that the farmers demand.



For example farmers who want to sell their products with an organic premium must comply with the standards for organic production and are therefore likely to demand advisory services to develop such systems.

Figure 1 - Demands are formulated by various stakeholders



The scope of this Common Framework is on the demands from the farmers for agricultural advisory services. It is important to stress, however, that this is highly influenced by other stakeholders' demands on farmers to meet the increasingly specialised requirements of the market.

Moreover, different farmers have different types of demands. For example, women farmers are often more responsible than men for food production for the household. A focus on female farmers' demands may therefore contribute more to household food security than a focus on male farmers.

Demand driven services must serve the private interests of the users

Farmers demand services that serve their private interests. They are mostly motivated to demand services that relate to immediate benefits rather than pursuing long term goals such as the protection of the environment and natural resources. Long-term efforts and issues related to public interests, such as environmental issues, public health and national food security differ

from the farmer's private interests and may have to be promoted or even enforced by public authorities.

This does not mean that demand driven services are irrelevant in the promotion of public interests. If appropriate economic incentives are put into place, farmers may also demand advisory services that assist them in complying with publicly promoted or enforced regulations and interventions. Indeed, one of the greatest demands that farmers make on advisory services is often assistance in completing forms and otherwise following regulatory frameworks.

The offer of funding must be flexible and transparent

Funding of extension must be flexible in adapting to the demands articulated at the local level. A narrow funding policy, focused for example on a specific crop, distorts motivation in the demand formulation process. Instead of focussing on demands for services relating to their market opportunities, farmers will frequently direct their proposals towards topics that are being pushed from above in the expectation of accessing future subsidies.

If there are limitations to what topics and contents for advisory services that can be funded, the offer must be made explicit and transparent and be well communicated to the farming community in order to avoid disappointments. The transaction costs for farmers in demanding services are high, and they should not be encouraged to waste their time asking for services that cannot be provided.

Success requires enabling policies, demand, supply and backstopping institutions

Public sector commitment and clarity are required

Development of demand driven services requires that policies create an enabling environment for pluralistic development of service supply, and that the public sector is committed to making clear the different roles of the public and the private sectors in delivery of advisory services. The public sector must stop the free supply of extension services that can be delivered through the private sector, and instead strengthen its efforts in taking care of public interests and long-term interventions, which are unlikely to attract private sector investment.

Transitions from free towards paid services are inevitably difficult. Since the capacity and technical knowledge for extension service provision are often concentrated within the public sector, government extension services may need to work constructively together with the private sector for a period, for example with training and supervision of community based and private advisers to take over direct delivery of services that have previously been the responsibility of the public sector. This requires strong management of change to handle conflicting interests at the local level.

Demand for services requires motivation and the capacity to formulate the demand

Farmers demand advisory services when they are motivated to develop their agricultural production. Their motivation is closely linked to the existence of market opportunities and prospects for improved working conditions. When farmers have the motivation and potential to develop their production, they require adequate capacity to articulate their demand for advice and training, as well as the organisations necessary to formulate their demands and negotiate with potential service providers.



Section 2 describes tools to enhance the motivation through improving market access and building the capacity of farmers and their organisations.

Demand driven supply of services requires the availability of service providers

Advisory services can only be demand driven if there is a functioning market for service provision. A choice of advisers must be available who are able to offer quality advisory services at an appropriate price. This in turn requires that the services are financially viable as a business for the providers. It also requires that farmers are well informed about the different services and service providers.

Section 3 describes tools to enhance the competencies of the advisers, increase their possibilities for earning an income and thereby increase the availability of advisers with the skills that farmers demand.

Sustainability of advisory services requires the existence of backstopping institutions

Long-term sustainability of demand driven advisory services requires continuous capacity building of farmers, their organisations and their advisers. Institutions are required which can offer training to farmers and advisers. Professional backstopping is also needed in the form of information, testing, tools for analyses and organisations that can transform research results into practical recommendations for farm management. Section 4 describes the necessary steps to secure this.



Enhance the development of demand

External mobilisation, facilitation, capacity building and resources can enhance development of demand

It is often argued that in a free and open market, the supply and demand for services should arise spontaneously. Market opportunities will bring service providers and farmers together. Indeed this happens when farmers are well informed and when the delivery of services is clearly economically attractive for both providers and their clients. Unfortunately, many small scale farmers are unable to take advantage of market opportunities partly because they are constrained by lack of resources, and also because they do not have the knowledge and the resources to formulate and articulate their demands for appropriate advisory services.

Strengthen farmer organisations

Groups and organisations can give voice to farmers' demands

Enhancing the development of demand from small-scale farmers is closely linked to organisational development. Farmers are very heterogeneous, but groups and organisations of farmers with similar interests can secure better and more responsive service provision and more efficient use of public resources than individuals. They have stronger negotiation power with private providers than individual small-scale farmers just as their capacity to purchase advice as groups makes them economically more interesting as customers.



Target farmers with aspirations for commercial production

Farmers who believe in a farming future and have market opportunities demand services

Small and medium scale farmers all have some relation to markets. They can roughly be grouped the following way:

1. Small or medium scale commercial farms well integrated in the market
2. Small scale farms with potential for commercial production but with different degrees of market constraints
3. Subsistence farms

The first group is the most likely to demand agricultural services, the second group will demand services if they get the necessary market opportunities. The last group mostly sees farming as a strategy for survival and might rather seek alternative employment than develop their farms. Based on local assessment of conditions and opportunities, realistic priorities must be set that take into account the likelihood that farmers will actively seek out advisory services.

Poor farmers need empowerment in order to effectively demand services

The Common Framework for Supporting Pro-Poor Extension found that the limited power and voice of the poor in influencing services, markets and policies are the most important constraints for poor farmers to be able to realise new agricultural opportunities. If poor farmers are to be assisted to demand the particular kind of advisory services that they require, then the support must focus on empowerment – strengthening their voice and negotiating power towards other wealthier farmers, service providers and policy makers.



Promote access to markets for farmers

Agricultural development is about climbing up the ladder from subsistence farming with a small sale of surplus production towards greater integration into a profitable market. Access to markets is obviously a precondition for succeeding in development of demand driven agricultural advisory services. Improvements of access to markets as well as increasing the farmers' share of benefits from commercial agriculture are therefore key issues.

Improvement of access to and benefits from markets requires:

- Access to market information
- Availability of infrastructure
- Communication (telephones, radios etc.)
- Appropriate credit facilities
- Organisation for improved bargaining power
- Appropriate market regulation
- Risk management measures (e.g., insurance schemes)

Consider development of demand as a process

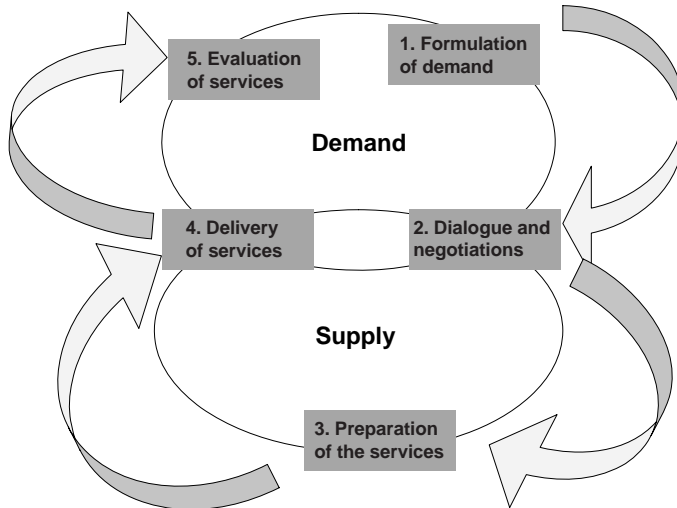
Development of demand driven advisory services consists in principle of five steps:

1. Formulation of demand among farmers
2. Dialogue and negotiations with service providers
3. Preparation of services
4. Delivery of services
5. Evaluation of the services received

Figure 2 shows the interplay of demand and supply in the development of demand driven advisory services. It is essential that the first step (formulation of demands) and the fifth step (evaluation of the services received) are entirely owned by the users. The second step is an interface between demand and supply; both users and service providers need to be involved. Steps three and four are related to the availability and capacity of the advisers and will be discussed under enhancing the development of supply.

The methodologies involved in supporting the process connected to demand may vary according to the situation, but normally involve the following procedures:

Figure 2 - Development of demand driven advisory services



Formulation of demand:

- Identification of production and market opportunities
- Analyses of the opportunities involving assessment of economic viability and risks
- Prioritisation on the basis of these analyses
- Identification of the advisory services required to realise the opportunities
- Definition of criteria for desired content and quality of the required advisory services

Dialogue and negotiations with service providers:

The dialogue and negotiations ensure that both users and service providers are fully aware of the kind of services to be delivered, and at what quality and price. There are three steps in this process:

- Linking to relevant service providers
- Dialogue with service providers about what is available and what is not
- Negotiations and agreements of conditions for delivery
 - o Content
 - o Quality
 - o Time
 - o Price

Evaluation of the services received:

The advisory services should be evaluated by those who use them according to the criteria defined under the formulation of demand. The most obvious form of evaluation is the farmers' decisions whether or not to use the same advisor in the future. Other more formal evaluation procedures may be required in large, publicly financed programmes. An example of practical approach to evaluation is described by the NAADS procedures in Box 1.

Box 1: The NAADS (Uganda National Agricultural Advisory Delivery System) model for demand articulation

- Needs for advisory services are articulated in the farmers' groups in a process facilitated by a local NGO;
- Needs and proposals from the groups are taken to District Farmers' Forums for a ranking process. The selected proposals are presented at the Sub-County Farmers' Forums meetings;
- A Sub-County enterprise selection meeting is called with broad representation. The highest ranking proposals become part of a sub-county procurement plan; and
- Terms of references are drafted by the Sub-County Technical Committee, which advertise for expression of interest from potential service providers.

Provide facilitation to demand formulation when needed

The need for support and facilitation in the formulation process depends to a great extent on the existence and strength of farmers' groups and organisations.

Strong farmers' organisations can formulate demands themselves

Strong farmers' organisations are able to formulate demands themselves. They may need little or no help to negotiate with service providers and evaluate the received services. Priorities for outside support could be to strengthen their networks in order to enhance the farmers' voice at higher levels (national, regional and international). Strong farmers' organisations can even be effective suppliers of demand driven services.



Depending on the financial situation of the organisations and their members, the process of developing new kinds of advisory services can be enhanced through inducing some external funding for capacity building and co-funding of the services.

Weakly organised small scale farmers need facilitation

In the case of farmers with weaker organisations, the demand formulation processes may need external facilitation and strengthening of organisational capacities. This includes linking them with higher level networks among farmers and potential service providers. The facilitator can supplement the farmers' local knowledge with external knowledge about potential markets, technology options and relevant training and advisory opportunities, and can also facilitate processes of organisational development.

Farmers with no formal organisation must start with building on existing networks

Most farmers have traditional or informal ties with various public and private service providers and they often access information and advice through these. Depending on the strengths of these ties, the process may start with the mobilisation of informal groups of farmers. Efforts may focus on capacity building and widening their networks. External facilitation can assist these processes, but experience shows that it is most likely to succeed when the mobilisation starts with existing groups of farmers with similar interests in terms of production.



Facilitators need the right skills

When facilitators are introduced, it is important that they have adequate facilitation skills to ensure that the formulated demands are genuinely owned by the farmers. In the process of prioritising demands, it is essential that the facilitators are able to assist the farmers in analysing the economic, social and technical feasibility of the production changes under consideration. Moreover, the facilitators should have adequate knowledge of external networks, service providers and financial actors to link the farmers with these. This is particularly the case when farmers have demands for services that are not immediately available. They should then be brought in contact with the networks necessary to collaborate on developing the advisory services needed.

Promote independent facilitators

There is always a risk that the process is biased and distorted by the facilitator and that the facilitation itself creates dependency. Caution must be applied when selecting the facilitator to ensure that they do not have vested interests or preconceived notions that may influence the process. To avoid these dangers, funds can be provided directly to the groups to hire a facilitator of their own choice. In some cases it is appropriate that facilitators are selected from within the farming community. Other cases require external facilitators. Irregardless, the facilitator must be independent both from the funding agency and the service providers (see the PASOLAC experience in box 5). It is furthermore important that the contractual arrangements for facilitation specify time limits and clearly defined tasks.

Public interests: A factor to be considered

Promoting growth in the agricultural sector is a powerful mean for poverty reduction, which is a public responsibility. This means that there is a public interest and also a public responsibility in using public funds to develop effective agricultural advisory services, even when the services are delivered by the private sector.

As mentioned before, demand driven advisory services are not suitable to enforce public sector interventions if these are not of immediate benefit to the farmers. However, different types of incentives can increase the farmers' interest. If the incentives make the intervention profitable for the farmers, they will demand the services that are necessary for implementation. One example is tree planting promoted with public incentives such as subsidies for trees or directly for planting. This increases the demand for tree seedlings and eventually also for training and advice on tree management.



Enhance the development of supply

Enhance the availability of services

The central tasks are to increase the choice of service providers and to match demand and supply

Small scale farmers in most countries have a very limited choice of advisory service providers. Both public and private advisers exist, but their capacities and geographical presence are often very limited. The choice is particularly limited in remote rural areas. Mainstream commercial actors are hesitant to invest in providing services to farmers in remote areas because long distances and poor infrastructure makes the costs of delivery high. Furthermore, the farmers in these areas often lack the market opportunities that should be the basis of demand for advisory services.

Moreover, small scale farmers often demand advisory services where the content is different from what the service providers can offer. Many advisers are well qualified and focused on technical services, whereas farmers are more interested in improved farm management, marketing advice and information, business development and legal support. This means that increasing the choice of service providers usually requires accessing different types of advisers than those who are usually associated with extension.



Several types of agents provide advisory services to farmers:

- Specialised fellow farmers
- Farmer organisations

- Private advisers linked to marketing organisations or input supply companies
- Independent private service providers such as private advisers, veterinarians, animal health workers, artificial inseminators etc.
- NGOs
- Public services such as extension, veterinarians and research institutes

The advantage of pluralism in service supply is diversity in terms of price, quality and transaction costs. Total dependency in one agent runs the risk of making farmers subject to vested interests, for example in the case of advisers linked to input supply companies.

The main challenges for providers of agricultural advisory services in demand driven systems are:

- Meeting the demands of the farmers
- Ensuring that the services are related to commercially interesting production opportunities
- Ensuring that services are so efficient that farmers gain a profit after paying the cost of the services
- Competing with other providers of similar services in the market in terms of price and quality and at the same time making a profit from providing the services

Assist the service providers to advertise

Even when the supply is scarce and weak, the existing service providers must become known by the farmers' groups. Support to spreading information about available agricultural advisers and advertising the services towards the farmers is a first step.

Provide funds to farmers' groups

The economic viability of supplying services can be improved by supplementing the farmers' own contribution with public funds to pay for advisory services contracted via the relevant farmers' groups. Experience shows that the increased purchasing power of the farmers attracts advisers from both inside and outside the communities. (See Box 2)

Box 2: FEAS (Technology Transfer to Peasant Communities in the Highlands in Peru) – Empowering peasant communities

Through the FEAS project in Peru traditional Andean community organisations receive and manage funds to organise their own technical assistance services such as advisory services. They interview candidates and select and contract the advisers; they supervise their work and evaluate the results; if necessary, they suspend their contracts; they manage their own bank accounts and prepare accounting reports to be presented periodically to the project and to the Communal Assembly – the traditional decision-making process.

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 several agricultural advisers. Many of these are now living in the communities, where they work
- 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

Promote dialogue between demand and supply

Service providers do not normally take initiatives themselves to gather and share information and knowledge among their colleagues as they are often competitors. Dialogue must be stimulated in other ways. Multi stakeholder forums can promote and maintain dialogues between farmers and the different service providers about how to develop advisory services that



meet the demands of the farmers. In areas where competition is high, such dialogue is less likely to be successful and probably also less needed. Box 3 describes an example of how it has been done in the project SAHA Madagascar.

Box 3: Example from SAHA (Programme de Developpement Rural Suisse - Madagascar)

SAHA works with demand based development. Village communities, farmer associations and farmers make proposals for service activities and contribute 10 – 50% to the costs of activities. When a proposal is approved, the group receives support in the form of a facilitator for fine-tuning the proposal. A regional coordination unit maintains a list of possible service providers. The independent facilitators assist in negotiations with service providers and the contracting between the farmers and the service providers. Farmers pay for the services and their own contribution is supplemented with subsidies, managed by the farmer groups.

Support training and capacity building of service providers

Dialogue can reveal markets for advisory services in topics where the competencies are currently not available. When service providers have interest in covering these new emergent markets, they may need support through training and capacity building in order to provide quality advice. Some who want to start as independent private advisers may require business development services and credit facilities to do so.

In remote areas, where the costs of delivering are high compared to the current market for services, it may be necessary to train and provide other support to local farmers and other agents to provide advice at low cost.

Promote appropriate approaches to quality assurance

The most important factor for assuring quality services is the market. If farmers have a choice, they will use the advisers that they trust and who deliver the services according to the farmers' own quality criteria, such as timeliness, efficient and innovative advice, respectful attitudes, strong networks, etc.

In areas with little or no competition, the market will provide no guarantee of quality. Development of services of good quality may depend more on appropriate procedures for quality assessment of the service providers and the advisory services delivered. Assessment of quality of service providers may be handled by a local forum consisting of all stakeholders with a strong representation of the users.

Figure 3 shows how quality assessment should be handled differently according to whether private and/or public interests are involved:

Figure 3 - Quality assurance in Demand Driven Agricultural advisory Services



In topics of private interest, quality assessment should be based on users' criteria

It is essential to trust the capacity of the clients to assess the quality of the advisory services that are delivered to them. The assessment should be based on the user's criteria for quality services, which should be defined in the demand formulation process. Outside influence on certification of advisers often hinders competition and can result in greater difficulties in delivering low cost advisory services in remote areas.

In topics that include public interest, public authorities should define realistic and appropriate standards

Topics that include public interest are topics where food safety, human health and the environment are at stake. Examples are handling of veterinary drugs and advice concerning the safe use of pesticides on crops. Public authorities should define realistic and appropriate standards for these and communicate them to the users and to local forums. Realistic and appropriate standards should not compromise the possibility for the services being available in the rural areas – Box 4 shows an example of inappropriate standards which proved to be counterproductive to animal health concerns.

Box 4: Provision of animal health services in Kenya

The Kenyan veterinary surgeons' act forbids anybody without a veterinary degree to practice veterinary medicine. In addition, veterinarians are not allowed to engage in the sale of drugs, which reduces the viability of rural private practices. Veterinarians are therefore few and almost non-existent in many rural areas. Meanwhile drugs are sold in agro-vet shops, which are often manned by unqualified staff. Where neither veterinarians nor animal health workers are available, farmers buy the drugs in the agro-vet shops, treat their animals themselves and create a risk of drugs not being used correctly.

Enhance competencies of advisers to deliver quality services

Quality services depend on the competencies of the advisers. When farmers set criteria for quality services they are concerned with the content of the services, but also very often with the way service providers interact with them. Qualities such as respectful attitudes, timeliness, fast response in case of emergency and willingness to listen are of high priority for farmers. Training for service providers should therefore include professional training in personal attitudes, methods of service delivery, as well as technologies.

Forums dealing with interesting topics serve as a valuable tool for personal and professional development of the advisers. They enable them to share information and experiences and mutually inspire each other. The forums can therefore serve to develop as well as maintain good quality standards of the services.

Interest in participating in forums and the willingness to share information and knowledge among service providers will, however, depend on the



nature of existing competition. It may work very well with advisers employed in the same structure or organisation such as farmer organisations, within NGOs or in the public sector. Here the forum can even serve as a tool for peer coaching. Independent private advisers are less likely to share information and knowledge with others, especially if they operate in areas with high competition.

Promote professional backup chains

Just as demands on farmers are changing, so are demands on advisers. At field level, advisers need professional backup in order to maintain the quality of their services. This can be promoted by establishing backup chains, where local advisers are linked and can draw on the expertise of professionals or publicly employed subject matter specialists.

Agricultural advisers are attractive to users if they are able to offer practical and up-to-date solutions to the users' problems. This requires that relevant solutions are available from research and that they are adapted so they can be applied in the different situations that farmers encounter. This requires a dynamic interface between research and advisory services.

Enhance delivery systems that are accountable to users

In demand driven delivery systems, it is essential that service providers are accountable to the users. This is enhanced where the incomes of the service providers are linked to the profits and the priorities of the users. Different types of delivery systems therefore have different possibilities for demand orientation.

- **Farmer organisations**

Farmer organisations with good financial management capacities frequently provide services to their members. They either employ staff or contract private professionals to deliver various services. The providers are accountable to the elected representatives of the farmers and their income depends on the farmers. Delivering advisory services through farmer organisations is therefore very appropriate and box 5 provides an example of effective services delivered through a farmer organisation. However, this requires strong and well functioning organisations and in many rural areas these do not exist.

Box 5: Services provided by the Foutah Djalon Farmers Federation (FDFE) in Guinea

FDFE is a farmer organisation offering various services to its members. It provides services such as:

- Credit for input supply
- Facilitation of negotiations between producers and local brokers for delivery contracts
- Peer exchanges between grass-root groups
- Farm management advice
- Machinery and equipment for bigger farmers (tractors hire and a stock of spare parts)

The Federation has developed strong links with the Guinean research system. An annual contract is signed between the FO and the research institute whereby FDFE defines several topics. FDFE moreover collaborates with the public advisory service in order to spread the innovations. The Federation directly employs 32 advisors partly paid by public funds. To finance the services, the Federation is charging levies on economic operations.

The results are promising: 98% of the loans are repaid. The services have enabled increases in potato yields up to 60%; FDFE covers the national market, and is now exporting potatoes and onions to neighbouring countries. A new scheme allows for generation of incomes and improves the livelihoods of 18.000 family farms in the Foutah Djalon area.

- **NGOs**

Many NGOs deliver advisory services in rural areas. In remote areas they are often the only providers apart from the public extension services. Since their funding is usually external, their accountability and demand orientation are not automatic, but depend on the policy and practices of the particular NGO.

- **Marketing and input supply companies**

They often deliver free advice along with their supply of input or marketing. They get their income from farmers, but the costs of the advice are included in the price of the inputs. It is important to be aware that the service providers are responsible towards the company management and that their main interest is the sale of inputs and not independent advice to farmers.

- **Independent private service providers**

Private advisers are directly accountable to farmers and get their income from them. The delivery system is therefore well suited for demand driven services. Their main constraint is the fact that they only exist where there

is a favourable market for their services and they are absent in many remote rural areas unless the services are subsidised.

- **Community based services**

Farmer-to-farmer services can be viewed as an initial step towards the development of private advisory services in remote rural areas. The price and the transaction costs are appropriate for subsistence- and small-scale farmers. They are relatively inexpensive because the advisers provide the services for their neighbours on a part-time basis. Successful community based services require, however, that the local advisers become linked to professional backstopping institutions.

- **Public services**

Services delivered by the public sector have difficulties in terms of demand orientation. The staff members may use participatory methodologies, but the fact that they are primarily responsible to their superiors in the public sector and not to the users discourages accountability. A decentralised system where the staff members are accountable to local government or a local committee representing small and medium scale farmers may improve this situation.

Promote user payment of services

Services that are fully or partly paid for by the users are more likely to be driven by demand than services provided free of charge. First of all, user payment guarantees that the demand is genuine and that the users are committed to receiving the service in question. Moreover, user payment for services is a powerful tool to increase the accountability of the service providers towards the users. Box 6 provides an example of the value of users' direct payment for services.

Prime demand with public funding

Many agricultural services are already paid for by the users. This is the case with services that bring an immediate benefit to the users, such as input supply, artificial insemination, animal health services, market information, advice on crop protection, etc. Advisory services are normally services, which have longer-term benefits and experience shows that it is sometimes necessary to supply public funding to supplement the users' own contribution for a period until farmers have themselves determined that the benefits of the advisory services outweigh the costs involved.

Use a demand oriented funding procedure

Funding procedures can be a strong tool for demand orientation. The earlier Common Framework on Financing Extension Services provides guidelines on how to fund the development of services in such a way that the users manage the funds and pay for the services according to an agreement between the stakeholders. The procedures for approval of services for funding must be clear, simple and transparent to all stakeholders.

Base the funding on realistic cost-benefit analyses

In the process of using public funding to stimulate the development of demand driven agricultural advisory services, it is essential to ensure that the total costs of the services (user payment + public funding) do not exceed the amount that the small-scale farmers are able to pay in the future when their production is developed and commercialised. Realistic cost-benefit analyses are an important tool for this.

Box 6: PASOLAC - Testing models for demand driven extension in Nicaragua, Honduras and El Salvador

In 2000 the project PASOLAC started a pilot action programme with 12 communities/organisations in Nicaragua, Honduras and El Salvador in order to test models for orientation of extension services towards the demand of poor farming families. The project tested approaches that would reverse the flow of funds and also the responsibility for monitoring the quality of the services.

The main findings of the pilot project test were that:

- The producers are willing to pay for quality services
- The quality of the services were improved by the approach
- Farmers adopted the advice which was profitable to them
- The farmers' management level and skill were improved
- Significant organisational capacity is necessary to make the system work

The test revealed factors that favoured demand driven systems as well as factors hindering their development. Favouring factors were well-organised groups and direct contribution from farmers. The farmers were more alert in terms of the quality of the services when they had to pay directly from their own pockets. It was furthermore important that the farmers felt that the content was in line with their needs. Whenever services addressed marketing issues, the farmers' interest was high.

Notably, problems arose if the organisations were mobilised and run by a NGO. In these cases the organisations were neither empowered nor adequately strengthened to take on greater responsibilities.

Promote capacity building and backstopping institutions

Capacity costs money

There is a need for investment in development of capacity building- and backstopping institutions that can ensure maintenance of the services. This investment has a long-term perspective and the question arises: Who pays for it initially and later on? One option is to provide loans to service enterprises on commercial conditions, assuming that the maintenance and running of the institutions will be covered through user payments.



It is difficult, however, to finance all costs by user payment. In order for such institutions to remain innovative they need funds for development of tools and new competencies. One option could be to introduce a system of levies on agricultural products. This could raise funds to be channelled towards innovative development of tools and recommendations for common use by agricultural advisory services.

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Promote institutions for farmer training

There is solid evidence that well informed farmers with adequate knowledge and skills for commercial production are strong 'demanders' of agricultural services. Institutions for farmer training are therefore essential and should build on principles of ownership by the farming community and demand driven training and curriculum development.

Enhance institutional links between research and farmers

In section 3 it is mentioned that advisory service providers need links to relevant research results in order to be attractive partners to the farmers. At the same time, there need to be institutional links between research and farmers in order to ensure that research is focused on relevant topics.

Transforming research findings into practical recommendations for farmers requires research institutions with strong communication capacities along with facilities for on-farm testing and adaptation. Moreover, these institutions must reorient themselves toward the main principles of demand driven service provision, and their institutional arrangements must be responsive and accountable to advisory services' and farmers' demands.

Match curricula at universities and colleges with the demands at field level

Current professionals working with agricultural services are generally well skilled in terms of technologies, mainly because these are dealt with in the curricula for agricultural universities and colleges. In order for their graduates to be able to meet the demands from small-scale commercial farmers, the curricula should be developed in such a way as to provide the professionals with a broader range of skills, including:

- Facilitation and communication skills – participatory methodologies
- Technical skills
- Production management skills and tools
- Agricultural business and marketing skills
- Quality service management and partnership
- Market orientation
- Organisational development
- 'Soft skills': Gender awareness, understanding of poverty and vulnerability aspects and HIV/AIDS



Promote educational programmes for managers

Particular educational programmes should be promoted for leaders in agricultural services in planning and managing demand driven services. This can contribute to the required change of mind-sets and to the transformation of their institutions.

Promote the development of good field practices

As discussed above, the development of demand driven advisory services for small-scale farmers in rural areas requires a new range of skills. The professional background of different service providers will vary, and with it the needs for human resource development. It is therefore best to arrange for the development of good field practices through a combination of the following measures:

- Short tailor-made in-service training courses
- Mentoring and coaching by professionals
- Experience sharing in peer groups



An informal group of representatives of bilateral and multilateral cooperation agencies and institutions involved in agricultural development in the countries of sub-Saharan Africa was set up in 1995 out of a meeting hosted by the Swiss Agency for Development and Cooperation in Neuchâtel, Switzerland.

This group comprises representatives of the cooperation agencies of Austria, Denmark (Danida), France (MAE), Germany (GTZ), the Netherlands (DGIS), Sweden (Sida), Switzerland (SDC), UK (DFID) and the USA (USAID), as well as representatives of the FAO, the IFAD, the European Commission (EC/DGVIII), the CTA (Technical Centre for Agricultural and Rural Cooperation) and the World Bank.

Through a series of case studies and joint reflections, this 'Neuchâtel Initiative Group' is helping to bring a measure of convergence to thinking on the objectives, methods and means of support for agricultural extension policies.