DEPARTMENT OF AGRICULTURAL EXTENSION
U.A.S., G.K.V.K., BANGALORE-560065

P.G. SEMINAR

Ag.Extn.551 (0+1)

I SEMESTER 1998-99

SEMINAR ON

STATUS AND PROSPECTS OF PRIVATISATION OF AGRICULTURAL EXTENSION SERVICE

SUBMITTED TO :

Dr.N.S.SHIVALINGE GOWDA
Seminar Teacher
Department of Agricultural
Extension
U.A.S., G.K.V.K., Bangalore-65.

SUBMITTED BY :

R.SARAVANAN
PAJ 7223
Sr.M.Sc.(Agril.Extn.)

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UAS, GKVK, BANGALORE-560 065.

Name: R.SARAVANAN

I.D.No. PAJ 7223

Class: Sr.M.Sc. (Agril.Extn.)

Date : 16/1/99

Time: 9.00 AM

Venue: Seminar Hall

Seminar on

STATUS AND PROSPECTS OF PRIVATISATION OF AGRICULTURAL EXTENSION SERVICE

SYNOPSIS

An organised agricultural extension service began in1903 when Dr. Seaman A. Knapp started demonstration on cotton boll weevil. After that approach of agricultural extension to transfer the farm technology, over the years spectacular changes have taken place structurally and functionally across the globe. Many countries are now in the process of modifying the existing public extension approach, so as to meet the current challenges such as globalisation and liberalisation. It is therefore, imperative that discussions are triggered on issues relating to alternative approach such as privatisation.

Main objectives of this seminar include

1. Review of different types of agricultural extension services prevailing in the global context.
2. Analysing key issues relating to public and private extension service.
3. Suggesting strategies for privatising agricultural extension service.

Privatised agricultural extension services in the global scenario

i. **Commercialisation:** Extension and share cropping (Ecuador), Extension contract system (China) and Public extension for fee (U.K).

ii. **Public-private co-financed:** Dutch system-towards 50-50 (Netherlands), Private sector sub contracting (Chile) and Extension vouchers (Nicaragua)

iii. **Private**

a. **Private for profit:** Farmers co-operatives (France), Private consulting firms (Brazil, Asia), Local and regional groups (Argentina), Farmers Federation (CAR), Farmers Union (Zimbabwe) and Agribusiness enterprise (Kenya).

b. **Private for non-profit**

6-S program (Burkina Faso, Mali, Senegal), Agakhan (Pakistan), CLADES (Latin America) and BAIF (India).

Key issues relating to Public and private extension services

i. Principal short comings of public extension service.

ii. Assumptions, rationale and implications of privatisation.

Strategies for Privatisation

- Restructuring or reorienting the research priorities
- Generating 'location-specific' technologies
- Evolving 'demand-driven' technologies
- Setting up of 'consultancy cell'
- Gradual withdrawal of public extension
- Giving partnership rights to the private sector
- Providing more responsibility to NGOs
- Creating and strengthening farmers groups
- Introducing share cropping system

Conclusion

Extension services continue to be provided in most countries by the public sector, while farmers play a rather passive uncommitted role. Given the high recurrent cost involved, this situation can not be sustained long. The role of public sector should definitely decrease in the long run but not to the extent of totally disappearing. Sooner or later, many countries will have to divest themselves from public extension services. When this happens, most responsibility for extension should gradually and to the extent possible, be handed over to private sector. Mean while the public extension service may have to be retained to some degree to meet the requirements of small scale subsistence farmers. In future, Agricultural Extension Services sustain with increased degree of privatisation.

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STATUS AND PROSPECTS OF PRIVATISATION OF AGRICULTURAL EXTENSION SERVICE

Extension service is a system of service and Education designed to meet the needs of the people.

Extension service was there in even in 19th century i.e. to in Europe with the name at " Agricultural Advisory Service ". 1840 onwards Travelling Teachers of Agriculture found in many of the European countries. But, it was not organised because efforts of the out-standing and progressive individual.

An organised Agricultural Extension service began in 1903. When Dr.Seaman A Knapp of the Bureau of Plant Industry, U.S.D.A., started demonstration on cotton boll weevil, in Texas state. After that approach of Agricultural Extension to transfer the farm technologies. Over the years spectacular changes have been taken place structurally and functionally across the globe. Many countries are now in the process of modifying the existing approach, so as to effectively meet the current challenges such as Globalisation and Liberalisation.

It is therefore, imperative that discussions are triggered on issues relating to alternative approaches. So, now we are in the process of searching alternative approaches.

What is the reason for searching alternatives?

(or)

What are the main questions made us to search alternatives?

1. How we will reduce the financial burden of Government?

Expenditure on Public Extension in several countries.

PublicBudget (Million constant 1980 U.S. $)

Countries/ Year	CHINA	JAPAN	ISRAEL	INDIA (TN)	UNITED STATES
1975	706.45	125.22	4.53		753.49
1981		163.40	9.98	2.45	744.81
1985	519.27	153.53	8.76	9.31	840.62
1987	470.73		7.13	7.72	837.37
1990			6.41	6.33	828.10
1993			5.31		808.99

Source : Ariel Dinar (1996)

Table indicates the declining trend in expenditure for extension in several countries over the last decade. In real terms, expenditure in these countries has declined since the mid 1980s.

2. What will happen, if the outside funding agencies stop their financial assistence to Public extension?

3. How we will ensure successful transfer of technology?

4. How we will make extension worker more competent and accountable to farmer?

5. How we will achieve cost effective, participatory, farmer-focussed, location specific, and demand driven technology transfer?

6. What will be the new role of public extension, especially when private extension agencies, NGOs entering in a big way to influence farmers of different categories?

Recent days these questiones are debated issues, in further, these questiones should be tackled appropriately with correct alternative approach. In this existing climate, many people especially extension experts and economists propose also privatise the Public Extension Service. So, coming years, experimentation or

Implementation of privatisation might be next step in Agricultural Extension.

What is privatisation ?

" Farmers are expected to share the responsibility for this service and pay all or part of the cost"

(A. W. Van Den Ban, 1996)

" Private extension involves any personnel in the private sector which delivers advisory services in the areas of agriculture and is seen as an alternative to Public Extension ".

(Bloome, 1993)

" Privatisation of Agricultural Extension service refers to the services rendered in the area of agriculture and allied aspects by extension personnel working in the private agencies or organisations for which farmers are expected to pay fee or free of cost privatisation of Agricultural Extension service can be viewed as supplementary or alternative to Public Extension Service ".

main objectives of this seminar is focussing on

1. Review of different types of privatised agricultural extension service prevailing in global level.
2. Analysing key issues relating to public and private extension service.
3. Suggesting strategies for privatising extension service.

Privatisation of Agricultural Extension Service world wide:

1. Commercialisation of Extension Service
2. Public - Private co-financed Extension service
3. Private Extension Service
   a. For profit
   b. For non-profit

COMMERCIALISATION

EXTENSION AND SHARE CROPPING
(EUCADOR)

EXTENSION CONTRACT SYSTEM
(CHINA)

1979

Agrotechnical Extension Centres (ATEC's)

PUBLIC EXTENSION FOR FEE
(UNITED KINGDOM)

1987

Agricultural Development and Advisory Services (ADAS)

PUBLIC PRIVATE CO-FINANCED

DUTCH SYSTEM - TOWARDS 50-50
(NETHERLANDS)

1990

Dutch Farm Organisation (DFO)

PRIVATE SECTOR SUB CONTRACTING
(CHILE)

1990

National Agricultural Society

(Mexico, Venezulla)

EXTENSION VOUCHERS
(NICARAGUA)

1995

PRIVATE FOR PROFIT

*FARMER'S CO-OPERATIVES (FRANCE)

1966

*PRIVATE CONSULTING FARMS (BRAZIL, ASIA)

*LOCAL AND REGIONAL GROUPS (ARGENTINA)

*FARMERS FEDERATION (CAR)

*FARMERS UNION (ZIMBABWE)

*AGRIBUSINESS ENTERPRISE (KENYA)

*MANAGEMENT COMMITTEES (DENMARK)

PORTUGAL, TAIWAN, TUNISIA, SWEDEN, URUGUAY

PRIVATE FOR NON PROFIT

* Se Servir de La Saison Seche en Savanne et en Sahel
(6-5 program)
(Burkina Faso, Mali, Senegal)

* Agakhan (Pakistan)

*Consorcio Latinamericano Agroecology
Desarollo (CLADES)
(Latin America)

*Bharatiya Agro-Industries Foundation (BAIF) (India)

*Mysore Resettlement and Development agency (MYRADA)

- Karnataka, T.N., A.P.

Commercialisation

" The agency remains Public specific services are not provided as Public goods, but are sold for tea, while other services may remain public goods (Ariel Dinar, 1996).

Ecuador : Extension and Share cropping

In the high lands of Ecuador, extension agents share crop with one/more farmers for a profit. Their low salaries motivate extension agents to share crop. In these cases, the agents preferably select small semi commercialised farmers instead of the more conservative subsistence farmers. Who are less likely to adopt innovations. The farmers provide land and labour while the extension agents supply agricultural inputs and technical advice. Hired labour and ploughing costs are shared because the agents have fined salary, they easily obtain farm inputs from suppliers on credit until the harvest. Some agents share crop with more than one farmer and for different crops. The consider the share crossed field a demonstration plot where farmers can actually see the benefits of adopting improved technology.

China : Extension contract system

Since 1979, a system of contract extension has been introduced in some provinces. Agrotechnical extension centres (ATECs) which operate all the way from the national to the

township level draw up contracts to provide technical services and inputs to a farmer or a group of farmers. The extension stations/centres are compensated by the farmers with typically, 20 per cent of the value of the crop above the agreed forget. If the harvest falls below the agreed target as the result of poor technical recommendations or non supply of timely inputs, the pay or bonuses of the contracted extension workers may be locked up to 80 percent of the short fall.

Most interestingly, research institutions, agricultural colleges, and individual scientists and teachers in China may sign contract with rural units or farmers to provide technical support on an annual or a continual basis.

To increase the utilizition rate of result research results, the government decided a few years ago to commercialize the notional science and technology system. As a result, some research results are now directly sold in the market place. At the some time, china is enforcing a potent law to proprietory rights to results.

What is quite remarkable in the case of China is the bold introduction of the extension contract system and the rapid shift of extension from the large ago-complexes to many small households.

UNITED KINGDOM : PUBLIC EXTENSION FOR A FEE

Until 1987, advice from ADAS (Agricultural Development and Advisory Service) was free. Meanwhile, as funds started to decrease, the public extension services moved gradually from cost free to farmer to fee paying consultancies. 25% first 3 years. ADAS currently aims at covering 50 per cent of its operating costs by 1993-94. Private organisations and the consultants is the growing competition with the public services (ADAS). The novelty is the charging for certain services on a time cost basis.

NETHERLANDS :

Private consulting firms :

The dutch system which is being implemented from January, 1990 with is the responsibility of the private sector as well as Ministry of Agriculture. About 50% of the staff and standing have been transferred from the public to the private sector.

Private consulting firms : Private consulting firms provide agricultural services in many developing countries.

In 1988, for example, more than 2,000 private consulting firms were working in Brazil, mostly concentrating commercial liwe stock sector.

In Asia private consulting firms tend to concentrate on plantation crops.

In France, the French operation since 1966, is an extreme privatisation case providing reference over long period of time.

Cooperatives hire technical advisors directly and cover the cost by charging members a fee.

In Argentina, on the french model, consist of 15 regional groups, and 176 local groups with more than 2,000 members.

Each of local grown of 8-12 farmers is led by professional Agronomist who visits each of the farmers in the group for one day. A month. The farmers also visit member's farm each month to discuss specific operation and problems. The cost to each farmer is about $ 60 a month (equivalent to one farm labour month wage). of which to percent professional fee and rest goes to reorganisation.

Private Co-financed

Several latin American countries are attempting to address problems with public extension systems by integrating the private sector. The new approaches include

1. Sub contracting to the private sector

2. An Extension voucher system - both of which have partial cost recovery components.

Private sector sub contracting

In 1992, Chile launched an extension project that included sub contracting extension services to private consulting firms. To quality subcontractors under the plan, private firms must meet technical and professional stating interia, bid for contracts, and a free to have their activities monitored by a designated public agency. Similar proforms have also been lauched in Mexico and Venezulla.

Extension vouchers :

In an on going pilot program in Nicaragua, the government issues extension vouchers to farmers allowing them to choose their extension supplier, either public or private. Under the program farmers form small group (atleast 10 members) Each farmer group recive 15 vouchers a year, 40 percent of which can be applied to group visits and the remaining 60 per cent to individual visits. Each voucher was valued at $ 15.

In the central African Republic

FNCE National Federation of Central African livestock farmer started 1973, after the government livestock service nearly collapsed. First, FNCE organised to distribute veterinary drugs. From 1989 onwards also began providing extension services to its members. It covers 60% of population.

In Zimbabwe :

Zimbabwe farmers union, and commercial farms union (CFU) is organising force behind a range of research and extension activities they also publishing the weekly magazine called The farmer, and bimonthly reports and also CFU provides commodity specific training to its members. eg. Cotton, the have own training centres and also it performs agricultural research, farm trials, particle demonstrations.

Agricultural business enterprise

In Kenya : The large local fresh produce exportes such as indu farm, Sunrise, KUE, Home grown, cutrently provides inputs and extension services to farmers producing for on contact.

NGOs.

NGOs have began to assume a greater role in agricultural extension, one reason for their success has been their community based focus.

In West Africa -

For example, the Se Servir de la Saibon Seche en Savanne et en Sahel (6-5 programs), it pronotes wider range of activities including Soil conservation and Reforestration.

6-5 now operating in Burkina Fasa, Mcli and Senegal

In Pakisthan the Aga Khan Foundation is involved in rural development projects dealing with technology transfer and training of farmer representatives to be work specialists in livestock, plant protection, marketing and forests.

In latin America, eight NGOs representing seven countries have formed the consovixio Latina Nevi and Agro ecology besarollo (CLADES - Latin American consortium on Agro ecology and development) to promote develop, and diffuse agricultural information to small scale farmers in association with institutions committed to sustainable agriculture.

In India the Bharatiya Agro-Industries Foundation (BAIF) serves 8,000 villages in six states with a program to involve dairy cattle. It operates 450 artificial insemination centres and peovided veterinary and extension services. In fact, some state governments have sub contracted with BAIF to provide artificial insemination services.

Myrada - Myrada - Mysore resettlement and development agency concentrating on soil conservation and watershed management and covering 3 soci states.

Karnataka, Tamil Nadu, Andhra Pradesh, Myrada very successful in watershed management, because of community based, self help group approach.

KEY ISSUES RELATING TO PUBLIC EXTENSION SERVICE

" Public sector extension although not without some success, has generally been disappointing in transferring improved agricultural technologies from research to farmers in less development countries ".

(Rogers, 1987)

" The public sector extension should embrance, besides technology transfer, other roles likes human resource development, broad basing and farming system perspective and gender differential strategies"

(Manage, 1993)

" Governments also beginning to understand, very often reluctantly, the real limits of their ability to centrally manage man power intensive, decentralised functions such as agricultural extension "

(Antholt, 1992)

" Extension is particularly vulnerable since it is too :

blamed, rightly or wrongly, for yielding few results; imposed on farmers; run with little consideration for cost effectiveness, and operated by ill-motivated, ill-trained, less than competent personnel".

(Charles Ameur, 1994)

Principal short comings :

* Unclear objectives
* Poorly motivated extension workers and management
* No accountability to farmers
* Little consumer interest in obtaining quality service.

ASSUMPTIONS, RATIONALE AND IMPLICATIONS OF PRIVATISATION

ASSUMPTIONS :

* Extension is an economic input
* Extension generates new income
* Farmer even if poor, will be willing to pay for an input where expected value is greater than its cost

RATIONALE :

* Extension staff begin to regard farmers as clients to whom they are accountable.
* When their remuneration is linked to economic results, Extensionists have a stake in the farmers success
* People are committed to a service they pay; they are careless of a service they get free.

IMPLICATIONS :

* Reduces the budget burden of state or central government.
* Enhances overall efficiency of agricultural production system
* Renders service based on seasonal needs and convenience of farmers
* Increases extension workers creativity, professionalism and they become competent
* Ensures successful and appropriate advisory services
* Contradictory Message Flow.
* Effect on sustainability
* Educational role sidelined
* Lesser contact between farmers and extension
* Increase the regional imbalance
* Decreases the food grain production

STRATEGIES FOR PRIVATISATION

* Restructuring or reorienting the research priorities
* Generating location-specific technologies
* Evolving 'demand-driven' technologies
* Setting up of 'consultancy cell'
* Gradual withdrawal of public extension
* Giving partnership rights to the private sector
* Providing more responsibility to NGOs.
* Creating and strengthening farmers groups
* Introducing share cropping system

CONCLUSION :

Extension services continue to be provided in most countries by the public sector, while farmers play a rather passive uncommitted role. Given the high recurrent cost involved, this situation cannot be sustained long.

In times of financial constraint, going private is an inviting proposition. Whether we like it or not in recent years private sectors as responsibility is increasing in agricultural sector, as they are entering in a big way which is unavoidable.

This is not to say that going private will solve every problem overnights. Setting up of sufficient private entities to cover a reasonable spectrum of users will be difficult and time consuming. However, good decisions can be made by balancing the advantages and disadvantages of privatisation.

The role of public sector should definitely decrease in the long run but not to the extent of totally disappearing. Sooner or later, countries will, in increasing number, have to divest themselves from extension services. When this happens, most responsibility for extension should gradually and to the

the extent possible, be handed over to private sector. Meanwhile the public sector should to some degree remain involved in extension and this will require to small scale subsistence farmers, who are likely to continue to rely on the technical support of public extension for years to come and public extension should retain programs like HRD, environment .... etc.,

In coming years, the future of agricultural extension services sustain with increased degree of privatization.

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