



Overseas Development Institute

# Extension, Poverty and Vulnerability: The Scope for Policy Reform

## Final Report of a Study for the Neuchâtel Initiative

John Farrington  
Ian Christoplos  
Andrew D Kidd

*with* Malin Beckman

**Working Paper 155**

Results of ODI research presented in preliminary  
form for discussion and critical comment

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## Acronyms

CDF	Comprehensive Development Framework
CIAL	Comités de Investigación Agrícola Local Agricultural Research Committees (Colombia and Bolivia)
CIAT	Centre for Tropical Agriculture (Colombia) Centro Internacional de Agricultura Tropical (CGIAR)
CLUSA	Cooperative League of the USA
CORPOICA	Corporación Colombiana de Investigación Agropecuaria Colombian Corporation of Agricultural Research
CRS	Catholic Relief Services
DFID	Department for International Development (UK)
EPOPA	Export Promotion of Organic Products from Africa
EU	European Union
FAO	Food and Agriculture Organisation (United Nations)
FDTA	Fundación para el Desarrollo de Tecnología Agrícola Foundations for the Development of Agricultural Technology (Bolivia)
FNC	Coffee Producers' Federation (Colombia)
GDP	gross domestic product
GSO	Government Service Order
HIPC	highly indebted poor country
HPN	Humanitarian Practice Network
ICA	Instituto Colombiano Agropecuario Research and Extension Institute (Colombia)
ICT	Information Communication Technologies
IDRC	International Development Research Centre
IFRC	International Federation of Red Cross and Red Crescent Societies
IPM	integrated pest management
MAAIF	Ministry for Agriculture Animal Industries and Fisheries (Uganda)
MAGFOR	Ministry of Agriculture, Livestock and Forestry
MOLISA	Ministry of Labour, Invalids and Social Affairs (Vietnam)
NAADS	National Agricultural Advisory Services
NGO	non-governmental organisation
NR	Natural resources
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
PEAP	Poverty Eradication Action Plan
PMA	Plan for the Modernisation of Agriculture
PPL	Ley de Participación Popular Popular Participation Law (Bolivia)
PRA	participatory rural appraisal
PROINPA	Fundación Boliviana para la Investigación y Promoción de los Cultivos Andinos Foundation for Research and Promotion of Andean Crops (Bolivia)
PRONATTA	Programa Nacional de Transferencia de Tecnología Agropecuaria National Programme for Agricultural Technology Transfer (Colombia)
PRSP	Poverty Reduction Strategy Papers
PRSP	Strengthened Poverty Reduction Strategy (Nicaragua)
Sida	Swedish International Development Cooperation Agency
SINTAP	Sistema Nacional de Transferencia de Tecnología Agrícola National System for Agricultural Technology Transfer (Colombia)



SIPRI	Stockholm International Peace Research Institute (Sweden)
SL	sustainable livelihood
SWAP	Sector Wide Approach
TRIPS	Trade-related aspects of intellectual property rights (WTO)
UMATAS	Unidades Municipales de Asistencia Técnica Agrícola Municipal Units for Technical Assistance in Agriculture (Colombia)
VAM	vulnerability analyses and mapping
VCCA	Vietnam Coffee and Cocoa Association
VLW	Village-level workers
WFP	World Food Programme
WTO	World Trade Organisation
ZEF	Zentrum für Entwicklungsforschung Centre for Development Research

## Abstract

Extension policy in many countries over recent decades has been exclusively production-focused, institutionally monolithic, centrally directed, and organised on the premise that public sector extension structures can effectively reach down to village level. Partly in reaction to this, neoliberal voices have recently urged ‘reform’ in the sense of wide-scale privatisation of extension and removal of the state ‘subsidy’ that it implies.

The evidence reviewed in this study challenges both perspectives:

- The poor are not merely producers but also labourers and consumers; extension should promote technologies not simply geared to increased production, but which are contextually sensitive to potential tradeoffs between productivity (especially labour productivity), increased employment opportunities and reduced vulnerability, doing so in ways which increase the ‘voice’ of poor people.
- The public sector alone cannot finance, let alone deliver, extension services to meet all requirements; new approaches will increasingly privatise extension in areas well-integrated into markets, switching resources to more remote areas where the majority of rural poor live. Some productive sector ‘subsidy’ is justified there – it may help to prevent forms of social disruption which ultimately have higher financial and human costs.
- It is no longer adequate for extension agents merely to be accountable upwards within a line department; governance procedures must be changed to take into account the views of clients on the performance of extension workers, and to stimulate their demands on the system. Downward accountability is essential for reorienting extension to address the varied needs and priorities of the poor and to better focus on contributing to their livelihood choices.
- The spatial aspects of poverty, including changing rural-urban relations, marginalisation of inaccessible hinterlands and varying impacts of globalisation on local markets have created new challenges and opportunities for pro-poor extension: extension has objectives of both pro-poor growth and vulnerability reduction. Strategies emphasising pro-poor growth will be most effective in the relatively accessible areas which are able to draw significant advantages from globalisation. Vulnerability reduction is in many cases the most realistic objective for marginal areas. These categories, however, are not fixed. Even in integrated areas there are significant hazards from inappropriate rural development trajectories and there is some potential for pro-poor growth even in marginal areas.
- Public sector extension is less and less able to operate effectively at village level in remote areas, suggesting the need for a reassessment of how to prioritise the placement of public sector human resources vis-à-vis other extension related actors, and of how to combine public funding with private delivery: there are strong arguments for accepting and building upon the fact that extension provision through public sector village level extension workers faces chronic difficulty. This suggests the need for reconsidering the role of district towns, where specialist advisors can be located in ‘one-stop shops’, supported by (publicly-available) internet access and other information communication technologies (ICTs), linking with private sector agents (business development, input supply, marketing and processing), and adequately backed-up by agricultural research. Effective mobilisation of the potential of pluralistic extension demands increased attention to the vertical integration of public sector extension with other actors promoting technological change.
- The ‘demand’ side of extension needs to be strengthened if the poor are to benefit from these new realities, for instance by new ‘community development’-type efforts involving community

groups and NGOs to identify ‘para-extensionists’ who will travel to district towns to articulate local requirements, bringing back advice but also possibly acting as commission agents for input supply and output sales. Different private sector and civil society initiatives can and should fill some of the gaps emerging after the withdrawal of the state, although even these types of efforts will be limited where market integration is weak and chronic instability has weakened civil institutions. Elite domination of local institutions is also a danger, which must be taken into account in promotion of participatory methods.

Constructed in these ways, extension policy would be driven by *principles* of: *creating and supporting opportunity* by looking for where the poor can benefit from the market, as producers, labourers and consumers; *enhancing security and reducing vulnerability* by designing strategies and priorities that avoid or reduce risk, and *enabling empowerment* by helping the poor to develop their power in relation to market actors and extension providers. A changed role for public sector extension providers is only part of this policy reform. These principles should be reflected in an overall reorientation of rural development policy to address the different ways that technological change and access to technological knowledge impact on the poor.

In terms of *policy design and implementation*, extension policy alone cannot successfully be reoriented towards the poor without a supportive reorientation of agriculture, rural development and, increasingly, urban development policy. Ideally, processes underpinning the new architecture of aid, such as the preparation of Poverty Reduction Strategy Papers, should support extension in three ways:

- by eliciting perspectives of the poor which are useable in extension design;
- by fostering greater coherence among extension, agricultural and rural development policy, and between donor and government priorities;
- by placing extension policy within a realistic analysis of the changing social, political and economic context of rural development, especially regarding the challenges of marginal areas.

Undoubtedly, the context of extension described here is more complex than in earlier perceptions, but also more realistic. Extension does have a role to play in addressing poverty, but three things are necessary for it to do so: one is for it to address poverty from a livelihoods perspective, within a wider, poverty-focused policy environment; a second is for it to contribute to enhanced ‘voice’ among the poor, and the third is for it to seize opportunistically on possibilities for enhancing incomes or reducing vulnerability, based on sharper alertness of new opportunities.

# Summary

## Introduction

This report is concerned with the ‘who?’ ‘what?’ and ‘how?’ of pro-poor extension. It builds on the analytical framework proposed in the Inception Report of the same study (Christoplos, Farrington and Kidd, 2001), taking it forward by fleshing out the analysis with empirical information gathered from several countries during the course of the study (from primary data in Bolivia, Colombia, Nicaragua, Uganda and Vietnam, and from secondary sources in a range of other countries, including India), and drawing conclusions on the scope for action by governments and donors in a range of contexts.

The Inception Report addressed the prior question of *whether* extension had anything to offer the rural poor – concluding that it did, providing that appropriate wider policies were in place, and that the poor were perceived not merely as producers, but also consumers and labourers.

This final report is structured as follows:

- It first revisits briefly the concepts of poverty and vulnerability, re-stating our perception of ‘who are the poor?’.
- Building on the Inception Report, Chapter 2 identifies three main contexts which, it is argued, have an overwhelming influence on the ‘who’, ‘what’ and ‘how’ of extension. These are the ways in which markets do or do not function at international, national and local levels; the nature of systems of administration and governance; and the context of vulnerability and marginalisation.
- Chapter 3 examines briefly how these and related contexts have influenced agricultural and rural policy in and beyond the case study countries.
- Chapter 4 identifies how the scope and form of extension have been determined within these policy frames.
- Chapter 5 identifies options for more pro-poor extension against these contexts, and against likely future trends and identifies how donors might support such options.

This report takes a livelihoods view of ‘who are the poor?’, namely that poverty is multi-dimensional (beyond income, to include vulnerability and lack of voice), that the poor have assets on which they can draw (and which they can build up), that they use these to pursue multiple livelihood strategies and outcomes, often by managing a portfolio of part-time activities (though multi-locational households are becoming common). Drawing on rights frameworks, this report also recognises that the poor generally have limited entitlements, are commonly deprived of those they do have, and have inadequate information, knowledge and power to claim them. From the viewpoint of policy towards rural development, agriculture and extension, it is crucially important to recognise that the poor are at the same time producers, consumers and labourers. This points to the promise and the challenge for pro-poor extension. Policies towards agriculture and extension have hitherto focused almost exclusively on increased productivity of land. In order to reach the poor in the future, they need to encompass objectives of enhancing labour productivity, employment creation and vulnerability reduction, carefully assessing the trade-offs among these, and between them and overall productivity growth. Empowerment, in the sense of supporting poor people’s capability both to deal with the context of their vulnerability and take advantage of a variety of potential opportunities, is the new and expanded arena to which pro-poor extension should contribute.

## Markets and states

In relation to *market context*, the livelihoods of the poor, and the role of the state in enhancing them, are influenced by the types of market situation they face. Increasingly, such influences come from *international* markets as globalisation begins to bite. Poor producers face high transaction costs due to limited information and weak infrastructure to access such markets, new quality standards which may be unattainable, and growing instability as major purchasers (such as supermarkets) shift bulk purchases from one country (or continent) to another in response to short-term market fluctuations. Such markets will remain distorted until subsidies and other controls in OECD countries are removed. Developing country governments need to exercise whatever exemptions and discretions are available in their favour, but, for as long as their views are weakly represented in international forums, there is a danger that they will become more disadvantaged by global trends.

Insofar as food reaching *national* markets through stronger world trade is cheaper than that produced domestically, the effects will be positive on the poor as consumers – particularly on the urban poor – but negative on producers.

Degree of market integration is a central classification criterion in this study, and our analysis and discussion particularly points to the need to relate priorities and strategies to an understanding of the social context and the economy in poorly integrated, often geographically remote areas, where the majority of rural poor are located. Pro-poor extension promotes both pro-poor growth and vulnerability reduction. The relative emphasis on these two objectives should vary according to the opportunities and challenges that face the poor in different geographical areas.

Another criterion is the distinction between public and private goods: private agencies will not provide support for the production or maintenance of public goods, and so this defines one area of intervention for the state. But there are large areas of discretion over how and how far the state might seek to rectify market failure, and financial constraints will be important. In extreme cases, perhaps prompted by neo-liberal prescriptions, it may resort to triage, simply allowing remote areas to stagnate and so encouraging permanent outmigration, as is clearly the case with rural development policy in parts of Latin America. This type of policy risks increased destruction of forests and insecurity and violence as ‘obnoxious markets’ and ‘uncivil society’ fill the void where state and formal markets have withdrawn, so that social, environmental and financial costs may ultimately be much higher than the costs of some on-going support to these areas. For these areas, strategic decisions need to be taken – where possible through collaboration between central and local governments – on ‘rural futures’ in remote areas. Decisions must reflect what policies towards market failure will support these rural futures, what the implications are for appropriate types of agricultural technology, and what role extension will have in supporting poor people’s access to these.

In relation to *the state* – specifically to public administration and governance – funding conditions will influence the character of the public administration, its capacity, and its reach into remote areas, but there are many other influences, often deeply rooted in local political cultures, so that generalisation is difficult. These include the (possibly declining) tradition of state provision in transitional economies such as Vietnam, the deeply paternalistic culture of state provision in parts of South Asia, and the move towards political, financial and administrative decentralisation in many parts of Latin America. The Plan for the Modernisation of Agriculture in Uganda contains many innovative provisions, including increased voice of the poor in the design of interventions, administrative decentralisation, and efforts to make officials downwardly accountable to the users of services. Similarly, some Latin American countries (e.g. Colombia, Bolivia) have pioneered the provision of services (including extension) by municipalities, officials being accountable to locally-elected representatives. In Vietnam, local officials have gone beyond central directives in

developing support to poor producers. By contrast, the nature of services to be delivered remains centrally-determined in much of South Asia, and officials are accountable only upwards within line departments. Whilst there are some experiments with decentralisation, local accountability and state support for para-extensionists, formidable barriers to change remain.

Failures of both statist and market driven development models have led to new forms of 'durable disorder'. The collapse of markets and governance in countries as diverse as Sierra Leone, Somalia and Zimbabwe, and the endemic violence that has taken hold in many parts of rural Latin America, demonstrate that this is not related to one specific type of dysfunction. Rehabilitation may remain impossible in some areas for years to come; where it *is* possible, 'seeds and tools' approaches are widely acknowledged to be inadequate, and the dangers of lending support to organisations co-opted by one or other faction are immense. The high costs of rectifying these types of disorder place a premium on careful planning of rural futures in these areas. HIV/AIDS also threatens social, economic and institutional stability. It has implications not only for overall levels of agricultural production as labour is withdrawn, but also for gender- and age-based availabilities of labour.

## **Agriculture and rural development policies in the case-study countries**

Policies have been influenced strongly (but not uniquely) by the above contexts. To illustrate the range of different policies (and constraints on policy change) in India, the validity of continuing strong public sector support for agriculture is being questioned as food self-sufficiency is being reached, as many products face international competition for the first time, and as liberalisation is permitting the entry of private sector input supply and advisory agencies. However, the combination of a tradition of public sector service provision and strong unionisation among public sector employees is hindering public sector reform. In India as elsewhere, the focus of public support for agriculture is highly contested: a large number of labour opportunities were created on medium-scale farms in the early part of the Green Revolution, and this undoubtedly helped to spread benefits to the poor, but many of these were lost as government succumbed to pressure to support investment in combine harvesters from farmers who found it inconvenient to manage migrant labour gangs. In Latin America, the strengthening of municipalities has been in part a response to popular demand, and in part driven by perceptions in central government of what it takes to remain in power. Decentralisation, however, has not always led to a readiness of local authorities to give priority to extension, and they have sometimes clung to past roles as providers of infrastructure and social services. This is due to both their own professional identities and pre-existing expectations from their constituents. Even in the more successful cases (such as Colombia) where there is some evidence of growing responsiveness by elected representatives and public sector officials to people's demands, there remain difficulties in resourcing publicly-supported development, and in agreeing divisions of responsibilities between central and local government. In Vietnam, the government has realised that growth in urban and high potential areas has not led to similar levels of poverty reduction in isolated areas. New investment strategies and policies are being applied. Infrastructure is expanding rapidly. Extension is seen to be a central tool in addressing poverty, particularly in mountainous areas. Nonetheless, a failure of 'modernisation' due to lack of viable technological solutions for these areas is exposing the limits of merely building on successful models of lowland development. In Nicaragua, there are several policy frameworks which are of major relevance to relating poverty and vulnerability to extension. These strategies share a broad acceptance that Nicaragua must face globalisation head-on. Continued structural reform and open markets are inevitable. Strategies alternate, however, between assuming that explicit measures are necessary to ensure inclusive development, and assumptions that growth alone will eradicate poverty. The policy formation process in Nicaragua has been profoundly influenced by the experience of Hurricane Mitch, and the relatively massive aid flows that followed. The context before Mitch was one of polarisation between a neo-liberal governing regime and an opposition of

the populist left. This state of affairs has shifted to a more complex set of forces involving donors as active policy advocates, a more united and stronger set of civil society institutions, and a government that has realised that strict adherence to neo-liberal policy frameworks carries with it political costs.

## **Extension, policy and practice in the case-study countries**

Similarly, the scope and form of extension are conditioned by the major contexts outlined above and by agricultural policy itself. Public sector models persist in India, for instance, despite the evidence of willingness to pay for private extension among certain categories of producer, and despite the evidence of chronic failure of public extension, both in providing appropriate advice to small, mixed farmers in rainfed conditions, and in keeping public sector staff in post in remote areas. In Colombia, municipalities have responded with differing levels of enthusiasm to the blanket requirement to provide extension services, and levels of support in some areas are so low as to threaten the viability of the system. Uganda has gone furthest among the case study countries in its efforts to decentralise, and has declared an intention to privatise extension provision. Nicaragua has been active in introducing user-charges and contracting-out to private extension providers, but few expect these to reach the poor in remote areas, and although there are plans for these areas to strengthen public service providers and expand programmes that are not reliant on cost-recovery (including vulnerability-reducing ones such as watershed development) these have a weak track record so far. In Vietnam there is still faith in a strong role for the public sector, together with (quasi non-governmental) mass organisations and local government. Even though roles of different state and mass organisation institutions are in flux, statist models remain firmly entrenched. Fees are not even under consideration, as the responsibility of the state for providing such support is undisputed.

## **Future options for governments and donors**

Future options relating to the scope and form of pro-poor extension cannot be viewed in isolation from wider policy options in agriculture and rural development. Many of these are specific to economic, social and cultural settings, but others are more generic. The *generic* ones include the need to:

- promote the privatisation of extension in well-integrated areas, switching public resources to more remote areas; test a range of pluralistic approaches in difficult areas, involving combinations of public/private funding and delivery;
- de-emphasise the (land) productivity enhancement objectives which have dominated agricultural and extension policy hitherto, giving increased emphasis to agriculture-based possibilities for enhancing labour productivity, employment generation and vulnerability reduction;
- support the development of district or provincial towns as nodal points at the interface between government, markets and rural people. To focus on small-town development offers prospects of cross-sectoral integration in government and donor strategies – especially between rural and urban strategies. To shift the focus to small towns becomes particularly important as the limits to public sector provision of extension to village level become more apparent. Such support includes the provision of basic utilities (especially electricity), but also support for the establishment of input supply, processing and marketing facilities, the provision of training courses, extension information, ICTs with internet access, and the provision of extension staff (using both public and private finance) at equivalent of subject matter specialist level who will either meet demands directly or be able to call down requisite

information from elsewhere in the extension hierarchy. As such towns develop they will have the added advantage of providing employment opportunities for those migrating in from rural areas;

- strengthen people's demands on the facilities newly created in district or provincial towns. This may be limited to a narrowly extension-focused frame – so generating organisations similar to those in the Bolivia 'intermediate users' example – but may more appropriately be supported more generally within the context of revived interest in the World Bank and elsewhere in 'community development'-type approaches;
- in areas threatened by HIV/AIDS, promote strategies sensitive to the changing composition of the labour force and to increasing levels of vulnerability. This must be done within a realistic assessment of shrinking human resource capacities, whereby 'para-extensionists' may be the only extension agents available in many rural areas.

These and a range of other options exist which are more *context specific* are presented in Table 4. Context specificity here refers to market conditions, i.e. whether farming areas are weakly or strongly integrated into markets, to resource-availability in the public sector, and to the extent to which governments are oriented towards poverty reduction.

Drawing on Table 4, the scope for *donor support* falls principally into the following areas:

- support to developing country capacity to negotiate more favourable outcomes of international agreements on agricultural trade;
- pressure on northern blocs (especially the EU) to remove restrictive practices in agricultural trade;
- large-scale investment in infrastructure for the poorly-integrated areas;
- support to policy analysis capability to assist in pro-poor planning processes;
- support to processes (PRSPs; SWAPs) for prioritising pro-poor initiatives and generating funding coherence among government and donors;
- support to capacity among the poor to make demands on extension services;
- support to capacity to monitor extension performance and make course-corrections as necessary.





# 1 The Poor and Technical Change in Agriculture

This chapter explores issues related to ‘who are the poor’ and the various ways, direct and indirect, that they may be affected by technical change in agriculture, making the key point that benefits from extension can be more than just through own-production by the poor. Furthermore, it draws attention to evidence suggesting a positive association between increases in agricultural productivity and poverty reduction. Starting from the premise that their own labour is one of the few assets on which many of the poor can rely, we highlight the complex ways in which technical change in agriculture and the rural labour economy influence the livelihood options of the poor.

## *Basis of analysis: Sustainable livelihoods and rights-based approaches*

The Inception Report examined in some depth the concept of poverty in the context of location. Briefly, it noted the value of ‘vulnerability-assets’ analysis of the kind underpinning sustainable livelihoods approaches. These stress that the poor draw on a range of assets, which they either own or can access, in order to achieve a range of livelihood outcomes (going beyond income to include greater well-being, increased voice and reduced vulnerability). To do so, they pursue a range of livelihood strategies, often managing a ‘portfolio’ of part-time activities, and changing the composition of the portfolio in response to emerging needs, opportunities or constraints. Part of the outcome of these strategies (such as higher income) will be consumed; part may be re-invested back to replenish or strengthen their livelihood assets, and part may be used to reduce vulnerability. The types of strategy they can pursue are influenced by policies, and by formal and informal institutions and processes. Of crucial importance to the poor is *access*, not only to assets (and low *ownership* of assets is clearly an underlying feature of poverty), but also to the benefits provided under, for instance, government programmes. Such benefits can be either production-oriented (e.g. subsidies, credit, training) or protection-oriented (e.g. pensions, access to health facilities). Figure 1 summarises these interrelations.

Rights-based approaches view poverty as a lack of entitlements and so provide useful concepts for this study. They are complementary to sustainable livelihood (SL) approaches. SL approaches can help, for instance, in resolving one of the principal difficulties of rights-based approaches, namely that of prioritisation: funds will be insufficient to make all economic and social rights available to all citizens at once, but rights-based approaches alone provide little guidance on the priorities and sequences that should be followed within the constraints imposed by the funds available.<sup>1</sup> SL approaches identify the current livelihood strategies and objectives of the poor, in the context of vulnerability, the influence of policies, institutions and processes, and current levels of access to assets and entitlements. They are therefore well-placed to identify – from the wide range of entitlements nominally available to the poor – which are the ones that, if immediately available, could make the greatest difference in allowing them to seize opportunities or remove constraints in the context of their intended livelihood outcomes. In this way, they contribute to the solution of this ‘prioritisation’ problem. Rights are introduced also in Figure 1 to indicate how they might facilitate access to assets and to entitlements rooted in policies, and in formal or informal structures and processes.

The Inception Report discussed four further aspects of poverty which merit brief mention here, given their centrality in what follows:

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<sup>1</sup> For a fuller discussion of the interface between SL and rights-based approaches, and the ‘new architecture of aid’, see Farrington and Lomax (2001).

- The high transaction costs faced by the poor in production and trade: these impact disproportionately on the poor due to access problems caused by weak infrastructure, poor organisation and adverse local power relations; appropriately focused extension involves providing more complete knowledge of alternatives and likely outcomes.
- The high risk facing the poor of breaking out of traditional patterns of production and associated social systems, which may provide some social protection, but are often deeply exploitative; again, although extension cannot directly provide a solution to such dilemmas, it can help by promoting greater awareness of the potential returns and risks associated with alternatives.
- The high priority given by the poor to protecting themselves against vulnerability – evident in, for instance, the ‘defensive’ ways in which they use for social protection purposes some of the microfinance intended for productive activities. This may place limits on the extent to which they are prepared to engage in the types of productive activity that extension usually promotes. Furthermore, the poor do not progress on a simple linear path from vulnerability to accumulation: those apparently accumulating in one season might well be barely coping in the next.
- The limited impact that production-focused interventions can have on the destitute, and the need to supplement these by safety nets, especially where the poor – such as those chronically sick, the old, and those caring for large numbers of dependents – are unable to sell their labour, as well as where chronic conflict, HIV/AIDS and other factors have led to systemic collapse.

What do these concepts suggest in relation to extension? In general, and this is a perspective we expand upon below, they urge an approach to extension which is not concerned merely with agricultural production advice, or agricultural inputs. Rather, they suggest, first, that agricultural and rural development strategies have to be located in the context of the rights and livelihood aspirations of the poor; second, that production and protection strategies have to complement each other; and, third, that an extension approach which is geared broadly to livelihoods contexts rather than narrowly to crop or livestock production contexts is more likely to be of benefit to the poor<sup>2</sup>.

### *Direct and indirect benefits from extension*

The Inception Report also made clear that the poor – often the same individuals – are at the same time producers, consumers and hired labourers, and that impacts on them of technical change in agriculture can be:

- direct, through increases in on-farm production, whether consumed in the household or marketed;
- through increased local on-farm employment opportunities;
- through secondary effects on growth (or at least stability) in the local non-farm economy;
- through increased migration opportunities that it provides;
- through increased and more reliable provision of staple food and fibre;
- through pro-poor price effects in all of the above (relatively lower food prices, higher wages, increased returns to own-farm labour, etc.).

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<sup>2</sup> For details, see Table 2 , page 56

Many have viewed the provision of appropriate technologies to low-income farmers as the sole scope for pro-poor extension. However, the scope for extension-related interventions to impact positively on the poor is in reality much wider: they can exert an influence by, for instance, holding down food prices. Extension might also impact on the poor by, for instance, supporting the introduction of technologies on medium or large-scale farms that produce more food and so keep its price down, or absorb more labour at existing wage rates, and/or increase labour productivity (and wages) in ways consistent with sustaining the productivity of enterprises on those farms. A broader sector wide strategising of training and advisory needs can also help in forming linkages with other sub-sectors of the rural economy which open up opportunities for the poor as producers or labourers.

It lies beyond the scope of this report to consider all of these wider effects, other than by way of illustration of some of the scope – as is discussed in relation to diversification options and the rural economy in Chapter 2. The remainder of this chapter focuses on two issues: in the next section we examine recent evidence on the impact of technical change in agriculture on the poor, and in a further section briefly discuss how such effects act through the labour economy, since for some labour is their most important – and in some cases only productive – asset. These discussions point forward to our conclusions, namely that extension has potentially much wider scope for impacting positively on the poor than through its traditional focus on advice for crop or livestock production, and the feasibility of broadening its scope merits consideration.

## **1.1 Impacts of technical change in agriculture on the poor**

Before going further, it is important to address a central question: how far can technical change in agriculture be expected to impact on the poor? If the indications here are broadly negative, then the scope for development of pro-poor extension is likely to be marginal.

A large number of studies have attempted to quantify the impact of agricultural research. Fewer have sought to assess its effects specifically on the poor. Of particular interest is a recent study by Irz et al. (2001). This seeks correlations between various measures of poverty and of change in agricultural productivity. Using simple models, they conclude that agricultural productivity correlated positively with a range of poverty reduction indicators<sup>3</sup>. Similar correlations could not be found between poverty reduction and growth in the industrial and service sectors. This does not mean that growth in these has no impact on poverty – it may simply be that the data are of too low a quality to allow the correlations to be established. However, a 1% increase in gross fixed investment (which included infrastructure investment) was associated with a 0.93% reduction in poverty, and when combined into the earlier models, reduced the correlation between agricultural productivity increases and poverty reduction (a 1% increase in the former now associated with a 0.56% reduction in poverty).

In a more complex set of recursive models, it was possible to incorporate additional independent variables, and results suggested that gross fixed investment, GDP per capita, percentage of GDP traded, increases in agricultural productivity and expenditure per student in higher education were all positively correlated with some measure of poverty reduction, whilst labour:land ratios and population growth rates were negatively correlated.

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3 (i) Data from the 2000–01 World Development Report and elsewhere, and establish that a 1% increase in agricultural productivity is associated with a 0.91% reduction in the numbers of persons living on less than \$1/day; (ii) Taking a larger sample of 109 observations in 58 countries, and using the Gini coefficient as a measure of poverty, they find similar results, this time with a 1.02% reduction in the numbers living on less than US\$1/day; (iii) Correlations with the Human Development Index are also positive, a 1% increase in agricultural productivity being associated with an improvement of between 0.9% and 1.2% in the HDI, the differences being associated with regional data subsets; (iv) A 1% increase in productivity is also associated with a reduction of the numbers of children malnourished by 0.27% – 0.42%, again varying by region, but the correlations are weak.

Irz et al. (2001) further sought to establish the cost of achieving increased agricultural productivity and associated reductions in poverty. Using data on aggregate research expenditure, they argue that expenditure on agricultural research generates a 37% rate of return if impacts on GDP growth occur within 5 years of completion of the research, and of 50% if within 4 years, and that current expenditures on research are associated with a reduction in numbers of those living on under US\$1/day of around 7.8 million/year. This set of estimates is problematic insofar as it does not include the costs of extension, so that the return to research expenditure are likely to be considerably lower than suggested here. There are several other problems with the analysis and for all of these reasons the results of this work have to be treated with caution.<sup>4</sup> Yet the indication is that improvements in agricultural productivity are associated with reductions in poverty, as also are improvements in infrastructural investment, and education. The results are helpful in setting the overall scene, and reassuring insofar as they demonstrate positive correlation between growth in agricultural productivity and poverty reduction – if they had not demonstrated this, there would indeed have been serious questions over the role that extension might play in relation to poverty reduction.

## 1.2 The labour economy in relation to technology change

Much can be understood about changing patterns of income poverty from analysis of labour markets. Where, for instance, there is widespread seasonal unemployment, an increase in the volume of work available at current wage rates (or in the case of family farms, additional seasonally-focused farm enterprises) can raise overall incomes of the poor. This is the rationale of employment generation schemes, such as ‘food or cash for work’, which have the added advantage of being self-selecting, insofar as the better off will (by definition) already have higher returns to labour than the poor, and will not work for the basic minimum wage<sup>5</sup>. These have become almost a regular feature of labour markets in, for instance, India, especially in the off-season, and especially in low-rainfall years. They are also often mobilised in response to extraordinary events, such as natural disasters, where normal labour markets are not functioning.<sup>6</sup>

The situation is more complex where technical change within existing farm enterprises is concerned:

- This may be promoted on the grounds of reducing drudgery, but one person’s drudgery is another’s employment lifeline, and care must be taken not to displace labour through such innovation where there is little prospect that it will find comparable employment (or, in the case of family labour, where family income and well-being is, in aggregate, diminished as a result).

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4 The analysis as a whole is problematic insofar as it is backward-looking – in particular, some equations include the Green Revolution period when the impact of research on agricultural productivity was exceptionally high. Further, whilst the value of research embedded in such inputs as agrochemicals, seed and mechanical innovations is to some degree captured in the equations, the value of yield-enhancing inputs such as irrigation is not, except insofar as it is captured in estimated of gross fixed investment, and this (and other factors) is likely to mean that correlations estimated for those independent variables that *are* included in the analysis will be too high. Finally, major structural changes in future world trading patterns may have impacts on poverty – possibly negative on small producers (and labourers) engaged with staple crops in remote areas, and positive on consumers in areas of good infrastructure – which are stronger than those observed in the past, and may overshadow any impacts associated with changes in agricultural productivity.

5 This simplified analysis is based on average wages and returns to labour. There may be circumstances in which low marginal returns persuade the better off to take up employment guarantee provisions.

6 The impact of these programmes on labour markets should nonetheless be closely monitored, even if standard assumptions are not valid in the prevailing circumstances.

- It may also be promoted on the grounds of increasing the efficiency of labour (and, by implication, raising the economic returns to labour expended, and – depending on labour market structures – possibly also thereby increasing wages). Whilst wage increases among the poor would be positive, care needs to be taken that this is not accompanied by large-scale displacement of labour which is then unable to find alternative work<sup>7</sup>.
- The dynamic within farm-family households may be different: providing that sufficient income is generated for desired consumption and investment levels, some withdrawal of family labour (typically, female labour) from farm activities is to be expected as incomes rise, and allows that labour to be reallocated to preferred productive or household-reproductive activities, or to leisure. Further, benefits to society at large may be enhanced if (relatively well-off) family labour is withdrawn and (relatively poor and otherwise underemployed) casual labourers' time is substituted.

In conclusion, regardless of whether the context is one of chronic, long-term poverty, or of political crisis or natural calamity, the effects of interventions that impact on the labour market are of prime importance for the poor: such interventions need to be designed carefully and monitored closely. Extension is a major factor in influencing changing labour markets, and an understanding of its impact, both positive and negative, on the livelihoods of the poor requires awareness and analyses of the relationships between technological change and labour markets.

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<sup>7</sup> There is an important time dimension here – even large-scale displacement may eventually find re-employment, but possibly at considerable social and economic cost in the interim. Further, efforts to maintain high levels of farm employment could reduce the potential dynamic of the economy, particularly if there are labour shortages in e.g. urban construction.

## 2 The Contexts of the Poor: Vulnerabilities in Markets, States and the 'Non-viable' Void

There is almost no limit to the diversity of contexts in which the poor are located. However, this report is geared towards the requirements of governments and development cooperation agencies, and so some systematic focus is necessary. In a nutshell, our argument is that the most important contexts, among those which can be influenced by governments and donors, are threefold:

- the level of market integration faced by the poor (often, though not exclusively, linked with spatial considerations);
- the types of state they face, in three broad senses: the overall role of the state, in relation to private for-profit or non-profit organisations; the degree of political inclusion and decentralisation achieved; and the arrangements for ensuring accountability of the public administration;
- perceptions of 'non-viability', whether in the context of remoteness, proneness to natural disaster, diseases such as HIV/AIDS, or, increasingly, chronic violence and political uncertainty; combinations of these factors often create a void where neither the market nor the state function effectively, and so, in the views of some, rural development is no longer 'viable'.

Drawing to some extent on arguments presented in the Inception Report, but also on more recent material, these are reviewed in turn below. The chapter concludes by arguing that the poor are not merely passive victims of their circumstances: they have strategies to respond to these – at both 'coping' and 'thriving' ends of the spectrum – and the chapter concludes by setting these out briefly before examining them in detail in the following chapters.

### 2.1 Markets

#### *Risks and benefits from exposure to globalisation*

Internationally, globalisation undoubtedly represents potentially (and, increasingly, in reality) the most important influence on markets. In general terms, globalisation refers to the growing interdependence of the world's economies, and comprises:

- substantial increases in capital movements;
- rapid growth in world trade, with a likely doubling in trade every 12 years;
- internationalisation of production and marketing through the growth of multinational corporations;
- the declining relative costs of international transport;
- the rapid spread and declining costs of telecommunications and information flow associated with the information technology revolution.

Trade theory predicts that, since developing countries have a relative abundance of unskilled labour, freer trade should increase demand for exports embodying large inputs of unskilled labour, thus increasing employment, raising wages and reducing poverty. However, Killick (2000) argues that increased world demand is most buoyant for products embodying skilled labour and relatively

advanced technology. Globalisation is likely to have little positive impact on the poor in developing countries, and possibly a number of negative ones, owing to:

- extensive continued protectionism in OECD countries;
- limited liberalisation within developing countries, with the persistence of anti-agriculture biases (Schiff and Valdés, 1992);
- biases in technical progress in favour of capital- and skill-intensity, and towards commodities which do not easily lend themselves to production by small farmers in remote areas;<sup>8</sup>
- a wide range of factors (many associated with market failure) preventing the rural poor from responding as well as they might to emerging market opportunities, including scarce market information<sup>9</sup>, poor infrastructure, weak institutions and their inadequate access to assets such as education, land, water and finance;
- the high proportion of rural population, especially in Africa, who find it difficult to be economically active.

Killick concluded that in many developing countries the welfare of those involved in agriculture will be increasingly dependent on the sale of their labour, and so determined by the efficiency of labour markets and increasingly linked with the wider development of the economy and of the growth of non-farm employment opportunities in rural areas.

In short, globalisation is creating different threats and opportunities in different contexts, which can be loosely dichotomised into areas that have relatively good access to markets for goods and labour, and those where market penetration is limited due to poor infrastructure, weak governance and other factors (such as insecurity).

Commercialisation, product processing and marketing exemplify the former. The rapid penetration of supermarkets in developing countries presents a particular threat to small scale producers (Berdegué et al., 2000). One reason for this is their capacity to switch the sourcing of products from one country to another (even from one continent to another) in response to small, and often short-term changes in wholesale prices. This can have profoundly destabilising implications for producers.

A second reason is rooted in growing consumer expectations (even within developing countries, and partly in response to advertising by supermarkets). These, for instance, are becoming increasingly conditioned towards cosmetic values such as uniformity in product appearance. Many would argue that such tastes are a luxury among developing country consumers, and are certainly near-impossible for low-income producers to achieve. Important preconditions here include the existence of effective processing facilities, strong organisation (either from the private sector or by farmer organisations) and market information to ensure that production timing matches consumer demands and avoids flooding of urban markets. The inability of small-scale producers to control their natural environment (e.g. through irrigation) or to influence the marketing and processing chain makes their chances of achieving cosmetic standards almost negligible.

A third set of reasons is rooted in health and safety considerations: the growing risk of consumer litigation is one factor underpinning pressure towards tighter health and safety requirements, especially in relation to livestock products. Some requirements (e.g. for refrigeration of dairy

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<sup>8</sup> Kydd et al. (2000) add that genetically modified technology has the potential to quickly flood markets, so exacerbating the disadvantages of late adoption and widening gaps between better and worse-off.

<sup>9</sup> Kydd et al. (2000) emphasise the growing importance of access to knowledge, credit and markets as globalisation gathers pace, and how larger farmers located in more favoured areas are likely to have superior access to these.



products) have already impacted negatively on producers in more remote areas who face exceptionally high costs in maintaining long cold-chains<sup>10</sup>, even though consumer demand for cheaper and traditional dairy products has meant that some markets for unpasteurised products have proven surprisingly resilient, as in Central America. Other requirements (e.g. for organic produce) may work in favour of producers who rely little on purchased inputs, but much of the evidence for any favourable impacts here relates to niche products, whereas mainstream products appear more likely to suffer the disadvantages (from the small-scale producer's viewpoint) of nearly unattainable quality standards and market switching.

However, there *are* pro-poor ways in which policy can respond to the threats posed by globalisation. These are discussed in Annex 1 and drawn upon in the opening section of Chapter 3.

### *Food markets and the poor as consumers*

Insofar as food reaching *national* markets through stronger world trade is cheaper than that produced domestically, this may benefit the poor as consumers. Such benefits are likely to be weaker among the rural poor if national markets are poorly integrated. Domestic commercial producers – especially those most distant from main centres of consumption – will suffer from lower cost food imports, and strategic decisions need to be taken over how any scope for reducing domestic market imperfections, and even for certain types of subsidy to producers, might be exploited.<sup>11</sup> Certainly, food security and poverty reduction objectives in developing countries will not be served by production-oriented subsidies and import tariffs in richer countries.

### *Market access and the poor*

Market access, both for inputs and outputs, is likely to be weak and expensive in the remoter areas of poor countries. Furthermore, the poor face additional expense in the form of transaction costs – obtaining information, building up relations of trust, obtaining inputs and getting their produce into the mainstream markets. Reduction of these costs requires investment in infrastructure, information services, and other means of reducing market imperfection. Weak markets have numerous implications for the poor: directly, placing a particular premium on products with a high value:weight ratio, limiting any type of non-local employment to migrant rather than daily or weekly commuting, and making farmers who rely on time-bound inputs and markets particularly vulnerable. Among the indirect effects are certain implications for extension design, including the need for greater integration of extension into processing structures; relating extension priorities to infrastructure investment; supporting para-extension workers in the context of demand-driven models, and other options discussed in Chapter 4.

Three further dimensions of market access need to be considered: the dynamics of market integration; the blurring of the urban-rural divide; and, the growing tendency to effectively abandon development efforts in areas deemed to be 'non-viable'. These are summarised below.

First, the tensions between those seeing substantial opportunity for non-farm enterprise even in more remote areas (e.g. Bryceson, 2000; Ellis, 2000) and those taking a more austere view of the possibilities (e.g. Wiggins and Proctor, 2001 – see also Table 1) need to be understood and, as far as possible, reconciled. The view taken here is that time dimensions are important in explaining the apparent contradiction in views. Wiggins's view that the prospects for rural areas will be tied to

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<sup>10</sup> The example of small-scale remote milk producers in Argentina cited by Berdegué and Reardon is particularly informative.

<sup>11</sup> Continued isolation of rural areas with poor market access may continue effectively to protect local and subsistence markets. The impact of globalisation is still far from universal.

location-specific resources (i.e. primary products) is persuasive *in the long term*, but market integration will take some time to achieve, not only because of the costs of infrastructure, but also because in some areas cultural conditions will long continue to limit market access for certain groups (as with the caste system in South Asia). In the meantime, therefore, there will be opportunities for new agricultural and for non-farm enterprise outside the narrow boundaries identified by Wiggins. The possibilities of labour mobility (commuting; seasonal migration; longer-term migration) and for households to pursue multi-locational livelihoods as identified by Bryceson and Ellis remain largely valid regardless of how market integration evolves.

**Table 1 Rural diversity: a characterisation with most likely activities**

	<b>Peri-urban zones</b>	<b>The (deep) countryside</b>	<b>Remote rural areas</b>
<b>Good natural resources</b>	<ul style="list-style-type: none"> <li>• Market gardening and dairying</li> <li>• Daily commuting to the city</li> <li>• Weekend recreation activities</li> <li>• Manufacturing industry may 'deconcentrate' from city proper into this space</li> </ul>	<ul style="list-style-type: none"> <li>• Arable farming and livestock production, specialised, with capital investment, producing surpluses for the market.</li> <li>• Forestry, fishing, mining, quarrying</li> <li>• Tourism and recreation</li> <li>• Some crafts</li> <li>• By-employment in rural industry?</li> <li>• Migration</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence farming, with only the small-scale production of surpluses of high-value items that can bear transport costs.</li> <li>• Crafts and services for local markets</li> <li>• Tourism and recreation</li> <li>• Migration</li> </ul>
<b>Poor natural resources</b>	<p>As above: NB: Capital can be used to augment poor land—e.g. by irrigation, fertiliser</p>	<ul style="list-style-type: none"> <li>• Extensive farming, probably livestock. Few jobs</li> <li>• Tourism and recreation</li> <li>• Some crafts</li> <li>• Migration</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence farming, low productivity. Very small surpluses produced.</li> <li>• Crafts and services for local markets</li> <li>• Tourism and recreation</li> <li>• Migration</li> </ul>

Source: Wiggins (2001)

Second, conventional views of the relations between rural and urban space are being challenged. For instance, Satterthwaite (2000) argues:

- that formal rural/urban boundaries do not neatly divide rural and non-rural production patterns;
- that urban people rely to an underestimated degree on rural activities (such as agriculture) and vice-versa;
- that 'inter-connectedness' between rural and urban, and so exposure to similar kinds of livelihood risk, are higher than previously thought;
- that movements of people for employment are high (especially from rural areas into towns), making for a growing number of multi-locational households.

He concludes that location is an important determinant of what livelihood opportunities will be available, that there is a great diversity in the characteristics of location both within rural and within urban areas, but that the borders between rural and urban are more fluid than had previously been supposed. Whilst these views are of some interest to those who can currently afford to commute between rural and urban areas, they are of less interest to the majority of rural poor, who live in the more remote areas only weakly integrated with markets. However, what *is* of interest to them is the

spatial pattern of urban settlement: more (and closer) small towns undoubtedly offer better prospects to them than a smaller number of large and more distant cities, and there is considerable scope for developing appropriate policies and instruments in support of such settlement patterns.<sup>12</sup>

Third, perceptions among some governments (especially in Latin America) that some rural areas are 'non-viable' in any context other than subsistence production, has led to abandoning these areas to a combination of subsistence production and labour emigration (see Bebbington, 1999). In practice, a significant proportion of rural residents have adopted multi-locational strategies to diversify income. Migration has become an important 'solution' to the stagnation of links between the local economy and markets, as households retain a rural homestead while increasingly relying on remittances from relatives in cities and in wealthier countries. Negative tendencies have, however, also emerged, where social alienation and weak state presence has led to chronic violence and shift to illicit livelihoods through drug production, smuggling and kidnapping. These forms of 'obnoxious markets' (Kanbur, 2001) are taking hold due to weakening state capacity to provide basic public services, such as policing. Our view is that, whilst there may indeed be advantage in some areas in promoting emigration consistent with the capacity of markets elsewhere to absorb this additional labour, even remote areas are rarely devoid of all possibility of enhanced productivity. Policies should be designed that facilitate partial reliance on agricultural production (e.g., niche products, or staples) so that households can take advantage of whatever possibilities are available for multi-locational livelihoods. To explore such opportunities – and to design extension in ways capable of supporting them – is particularly important in contexts where withdrawal of public services may contribute to political instability, such as when withdrawal of state presence and services impacts on the relations between rural ethnic and indigenous groups and urban or settler populations.

To summarise, market conditions correlate closely with the spatial dimensions of development: the more remote areas – largely coinciding with those thought to have low agricultural potential – already contain the majority of the rural poor and will be particularly disadvantaged by poor access to information, or to increased demands for skills, inputs and markets under globalisation. These present different livelihood options to the poor in these areas compared with areas of higher productivity – which, although in some cases distant from metropolitan areas, are generally served by better physical and social infrastructure. Difficult areas are more likely to be characterised by vulnerability-reduction strategies among the poor, by social structures which deny the poor their entitlements and rigidify existing disparities, and by tendencies towards long-term migration.

## 2.2 The state

### *Respective roles of state and private sectors*

One of the most significant influences of the status of markets is on the respective roles of state and private sector actors. For the private sector to appropriate profit from its activities, the goods and services it provides must be excludable – i.e. access is restricted to those willing to pay. Annex 2 sets out in more detail the economic concepts underpinning private sector willingness to engage in production or service provision.

For the present discussion, two features of markets are important:

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<sup>12</sup> Nayyar, R. et al. The Government of India's interest in this idea is partly driven by the possibilities of closer integration with 'deep' rural areas, and partly by recognition of the social and environmental problems associated with over-large metropolitan centres. It is to be discussed at a national seminar on rural non-farm enterprise in September 2001.

- one is that markets for goods and services do not always function perfectly: market failure can be attributed to a host of factors relating to the structure of demand or supply, the availability of information, transport and communications infrastructure, and so on;
- the other is that many types of goods and service – generally known as public goods – are not excludable, and so private commercial companies cannot be expected to engage in their provision.

Neo-liberal views on the role of the state are that it should facilitate and regulate private activity, and not engage directly itself in any production or service activity that might be taken on by the private sector. These views have led, for instance, to widespread pressures to privatise parastatals engaged in product marketing or input supply, since, in principle at least, the private sector should be willing to take these over. The reality, particularly in sub-Saharan Africa, has been very different: the dearth of private sector actors having adequate capacity to take on logistically complex operations has tended to lead to replacement of state by private monopolies, and often to partial collapse of service provision. One perceived role for the state, therefore, is to correct market failure; another is to finance the delivery of those goods and services which the private sector has proven unwilling or unable to supply.

These potential roles have attracted considerable debate. There are large areas of discretion over how and how far the state might make good market failure – whether through relatively low-cost interventions such as those linked to information provision, or through higher cost options such as provision of infrastructure. The level of opportunity cost of any funding applied in these ways will be a major determinant of the type and level of state action.

As far as the provision of public goods and services is concerned, the degree of state involvement will again be limited by the availability of funds, but one of the key questions concerns organisational configurations for service delivery. As will be discussed below in relation to the country case studies, the state faces chronic problems in providing services, especially to remote areas. This has led to two types of innovative arrangements: one in which the state funds private commercial or non-profit organisations to deliver services ('contracting out'); the other in which non-state organisations (commercial or non-profit) 'contract in' the state either formally, or informally as when, for instance, they cover the transport and subsistence costs for extensionists to visit remote areas.

### *Public investment and market integration*

There is also the question of the balance of investment of public resources between areas which are well- and poorly-integrated into markets. To shun efforts to correct market failure or to finance provision of public goods or services as a 'distortion' or 'subsidy' is excessively simplistic. This is not only because of the complexities of these tasks, but also because of the justification for redressing the long-term taxation on agriculture<sup>13</sup>, and for integrated planning, which would, for instance, allow the provincial and national governments to liaise in identifying which of the rapidly growing market opportunities ought to be left to rural producers in the poorly integrated areas to supply. Our view overall is that considerable investment in poorly integrated areas is justified, but at levels and in ways which does not unduly impair the competitive advantage of well-integrated areas, and that new forms of extension service have a substantive role to play in such areas. In the next chapter the issue of *where*, rather than *whether*, to introduce subsidies is explored further.

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<sup>13</sup> According to Schiff and Valdez (1992) the net taxation of agriculture has exceeded 25% in many countries. An important point to note in the present context is that any 'reverse flow' into agriculture has generally been restricted to highly market integrated areas for the provision of such infrastructure as irrigation, and in support of such services as agricultural research.

Finally, there is the question of how to structure decisions over investment in service provision and other measures to correct market failure for the less integrated areas. As a minimum these should be taken on an agriculture sector-wide basis. But much necessary investment (such as in roads or telecommunications) will also need to be linked in with wider rural development policies. Further, in decentralised systems, there will be a need for coherence of investment decisions between central and local government if, as appears desirable, low income farmers in remote areas are to be buffered from some of the (perhaps increasingly) extreme interactions between demand and supply and are to be given at least some opportunity to compete with better placed producers in supplying growing markets.

### *Decentralisation, governance and accountability*

In relation to public administration and governance, funding conditions will influence the character of the public administration, its capacity, and its reach into remote areas, but there are many other influences, including the (possibly declining) tradition of state provision in transitional economies such as Vietnam, the deep culture of state provision in parts of South Asia, and the move towards political, financial and administrative decentralisation in many parts of Latin America. The Poverty Eradication Action Plan in Uganda pre-dates Washington-driven pro-poor initiatives such as participatory poverty assessments and Poverty Reduction Strategy Papers, but contains many similar provisions, including increased voice of the poor in the design of interventions, administrative decentralisation, and efforts to make officials downwardly accountable to the users of services. Similarly, some Latin American countries (e.g. Colombia, Bolivia) have pioneered the provision of services (including extension) by municipalities, officials being accountable to locally-elected representatives. By contrast, the nature of services to be delivered remains centrally-determined in much of South Asia, and officials are accountable only upwards within line departments. Whilst there are some experiments with decentralisation, local accountability and state support for para-extensionists, there remain formidable barriers to change.

Previous sections argued that, in relation to extension especially in the poorly integrated areas, it will be important to assess the capacity and commitment of the state to deliver services, or to form pro-poor partnerships with commercial or non-profit organisations. Considerations of decentralisation, governance and accountability in this context suggest a number of questions against which case study information can be assessed in order to define the options for improved extension services. These include:

- *political decentralisation*: is local government living up to widely-held expectations that it can become more responsive to the needs and opportunities of local people than can a more distant and less accessible central government? How can an appropriate strategy be developed and implemented if local expectations emphasise urban and social services (carrying over from the past roles of local authorities), or highly visible construction projects (to serve short-term political expediency) rather than agriculture?
- *administrative decentralisation*: how far do agriculture departments, and extension services in particular, still deliver centrally-designed programmes? If they have the flexibility to design their own programmes in a decentralised way, how far do they elicit the views of local people on priorities, and how far do they respond to these? Does this facilitate greater adaptation to the livelihoods of the poor, or elite capture through greater integration into the livelihoods of the wealthy?
- *governance and accountability*: does decentralised public administration report only to head office, or have measures been taken to ensure its accountability to local government? Are

there mechanisms for broadening governance and accountability outside ‘statist’ mechanisms by involving other stakeholders?

- *civil society organisations* (including producer and trade associations): is there any effort to strengthen these? Do they have a formal role in overseeing the performance of service providers? Do they have (or desire) a role for themselves in identifying sectoral needs and priorities, articulating these to the state and/or themselves providing advisory and related services, either independently or in partnership with government? Who do the civil society organisations represent?

### **2.3 The vulnerability context and the ‘non-viable’ void**

Vulnerability reduction is increasingly being recognised as a central aspect of rural development policy. There is a need to revisit the relationship between dealing with hazards and shocks, and more mainstream objectives of increasing production and productivity. Our research has revealed that, whereas many states are being faced with the realisation that rural development must face risk in a more strategic manner, their ways of integrating these concerns vary widely. In Vietnam, state institutions at national and local levels are being specifically fortified to address these challenges. Other countries lack the capacity and political will to make these (potentially massive) investments and to face the political costs of intervening to prevent high-risk development and land use planning.

The underlying challenge in many contexts is that vulnerability is directly related to a *lack* of state and formal market institutions. Where vulnerability is greatest, the basic tools applying development policy are in many cases weak, absent or co-opted by uncivil society or illegal market forces. In some contexts, policy formation must address the void of state and formal market institutions, rather than simply plan how to improve upon the system. We now consider a number of distinct ‘vulnerability contexts’.

#### *Non-viable hinterlands*

As mentioned above, in many areas of the world, rather than looking for new models of inclusive development, there is a growing readiness to assume that there are no ‘sustainable livelihoods’ in marginal areas, since the local economy is simply ‘not viable’. This classification is becoming common in referring to the hinterlands in Latin America, where neo-liberal policies suggest that it is acceptable not to invest limited finances, as people are assumed to be better off migrating or finding different livelihoods, rather than remaining on their failing farms.

Such migration, however, is not just towards the cities. In Nicaragua, for example, excess populations have traditionally also been absorbed through expanded cattle production and consequent destruction of the rainforest. There is little forest left to exploit. The remaining agricultural frontier cannot continue to absorb population, and it is no coincidence that the current insecure areas are largely congruent with the areas where conflicts over land tenure and between mestizo and indigenous populations are greatest.

#### *Recurrent natural disaster*

An important aspect of poverty is level of exposure to risk of natural disasters. Among the poor, concerns for mitigating such livelihood shocks have often greater impact on livelihood strategies than efforts to increase production.

In Nicaragua, the landslides associated with Hurricane Mitch raised awareness and public debate over the fate of these fragile environments and the nature of vulnerability to natural hazards. Willingness has increased to subsidise extension inputs for watershed management. Mainstream agricultural policy, however, still suggests that investment be concentrated in more 'viable' areas and on the farmers with the resources to take advantage of market opportunities.

Similar choices are facing other countries where natural disasters pose constant threats. In Bangladesh the poor can generally access only the most threatened land (such as that in particularly low-lying areas, or on newly-created islands and mudbanks) and so tend to be particularly vulnerable. It is not self-evident how to address development issues in such highly vulnerable areas. It is clear, however, that risk should be at least as important a factor as production increase in assessing options for technological change in agriculture and land use.

### *Vulnerability and chronic political instability*

Systemic collapse driven by chronic political instability is potentially more intractable, can take many forms, and is not necessarily related either to market conditions or to conditions of public administration or governance, as collapse in countries as diverse as Sierra Leone, Somalia and Zimbabwe demonstrates. The cyclical relationship between inequality and chronic political instability, particularly in sub-Saharan Africa, is a sobering one though. Despite laudable success of peace processes in Latin America, chronic rural violence has in many cases worsened after the cessation of hostilities due to the intensification of unequal access to resources. Evidence suggests that public policy and investment has a critical role to play in addressing vulnerability in areas suffering chronic insecurity. The existence of state institutions is an important signal that the stability required for private investment will be maintained. This has brought a growing awareness that public policy in many countries suffering chronic insecurity must shift emphasis from welfare to development through political inclusion and economic integration.

Trends in rural development in the face of globalisation have shown that chronic instability is not just a problem for those who choose to live in these supposedly non-viable areas. 'Durable disorder' (Duffield, 2000) is now taking hold in marginal areas in the form of chronic violence and social alienation. Transnational networks are taking advantage of the withdrawal of the state from isolated rural areas by establishing smuggling, production of narcotics and other forms of 'obnoxious markets' (Kandur, 2001). The most dynamic aspects of local economies are often those that thrive beyond the reach of the state, as the withdrawal of formal institutions creates a perverse competitive advantage. This phenomenon suggests that there are heavy economic costs (in addition to moral issues) stemming from conflict, criminality and social disintegration when services are withdrawn. In addition, many traditional rivalries are becoming dangerously modified by the increasing ease of access to cheap small arms in some areas following the end of the Cold War.

### *Natural and social rootedness of vulnerability*

Vulnerability often takes many other less extreme forms: one is that attributable to the seasonality of agriculture, often with severe lack of income earning opportunities in the off-season. Covariance among different forms of risk is another – in some settings, farm enterprises may all be equally vulnerable to low or poorly-distributed rainfall, hindering the effectiveness of local coping strategies. But much vulnerability is socially rooted: in some contexts the poor are denied access to the resources (such as irrigation water) which might reduce the risk of crop production; in other cases, unless they have the right contacts or are able to pay bribes, they may be unable to claim risk-reducing entitlements made available by the state. HIV/AIDS also threatens social, economic and

institutional stability. It has implications not only for overall levels of agricultural production as labour is withdrawn, but also for gender- and age-based distributions of labour and the very presence of civil servants (such as extension agents) in many areas.

## 2.4 Poor people's strategies and the rural economy

It is important to recognise that the poor are not merely passive victims of the types of vulnerability and systemic collapse outlined above. As the review of concepts in Chapter 1 suggested, they construct livelihood strategies not just on the basis of the constraints they face, but also on the basis of assets, options and entitlements. These allow them to cope with – at times thrive in the face of – difficulties of these kinds. Their livelihood portfolios are generally diverse. However, their individual circumstances will determine whether they are diversifying out of desperation (for instance, having lost their land) and so see diversification as a coping mechanism, or whether diversification for them represents a means of accumulating assets and so escaping from poverty.

Internationally, the vast majority of rural development interventions have been justified on the basis of contributing to thriving. The need to show a positive internal rate of return on investment has meant that thriving is in many cases taken for granted to be the *raison d'être* for extension. Analyses of poverty and vulnerability all clearly point to thriving strategies as being most effective and 'sustainable' with respect to recurrent costs, dependency and a limited role for public finance –but these are limited to areas where thriving is a genuine option. NGO efforts and food security programmes have more generally emphasised coping, as have many projects initiated after major crises. This alternative set of priorities is based on the belief that thriving will not reach everyone. Thriving is contingent on the availability of roads, markets and institutions. Three general observations relevant to this study have recently been made:

- The first is that categories of coping and accumulating are rarely watertight: many of those apparently accumulating in one year may be coping in the next, and effective coping may ensure that assets are intact for renewed investment in accumulation after a difficult period.
- The second is that, although agricultural diversification may well be part of a strategy to reduce vulnerability and stabilise or increase incomes, and although diversification along the production chain into processing or marketing may make good economic sense, for every case in which diversification has contributed to stability or income gains, at least one other can be cited in which accumulation is attributable to specialisation.
- The third is that diversification at household level may be achieved by having different household members specialise – for instance, children with some education will move into urban employment – which is very different from having individual members of the household diversify. Evidence is increasingly showing that they are right, and that poverty rates, malnutrition and other indicators are better in accessible and high potential areas. The best option is often to leave. Development cooperation has been hesitant about supporting this trend. Rural-urban migration has been perceived of as a 'problem', rather than a solution. The 'yeoman farmer fallacy', where own account farming is assumed to be the only acceptable option for the poor, has retained a stronger hold on the imagination of development planners than on those of many poor people themselves. Furthermore, fears that migration will weaken the social fabric of rural communities has led to hesitance in exploring the potential of promoting good exits from own account production.



## 2.5 Policy options potentially relevant to vulnerability, coping and thriving

Possible impact on the poor of technical change in agriculture needs to be assessed against the three major trends implicit in these arguments. The first is not necessarily that there is a trend towards diversification (and so to take the *promotion* of diversification as a policy objective may be misguided). What is noteworthy, however, is that diversification is important to at least some households, but in different ways and at different times. All households need new livelihood options that they can consider, so a policy of *offering new options* as relevant as possible to people's circumstances is an appropriate policy goal. People can then choose for themselves whether to diversify or specialise on the basis of these, and can select appropriate combinations of them according to whether they are coping or accumulating. A second point is that trajectories out of poverty are rarely linear, so that continued support over some time is likely to be necessary before the poor and the vulnerable non-poor gain a sound economic foothold. Third, that the economic epicentre of many poor households will shift over time from more remote to less remote rural areas, and from rural to urban areas.

### *Strategy choice and remoteness*

This last point highlights that remoteness is an important aspect of poverty. Wiggins (2001) indicates the types of livelihood option generally available when increasing distance from urban areas is combined with an assessment of the quality of the natural resource base (Table 4). This suggests a limited range of options for the more remote areas: now well-recognised features of the rural economy such as labour 'export' through various types of migration, and multi-locational households, are likely to be more pronounced in these than elsewhere. The only set of livelihood options that do not conform to this general pattern are those related to accidents of location – of resources such as minerals, fisheries, forest and tourist attractions.

Whilst (as argued elsewhere) the view taken in this report concerning the range of options available for the rural poor is more optimistic than that of Wiggins, his analysis nonetheless stimulates consideration of the conditions under which pro-poor rural growth and diversification are likely to take place.

### *Potentials of agricultural diversification*

The potential advantages of on-farm diversification are well-known: among other things it can help in reducing the seasonality of cash flows and demands for labour; help in using capital assets more fully, help in spreading demands for labour more evenly across different categories of farm labour, help in reducing co-variate risk, and (especially where non-staples are introduced) help in stimulating new processing and marketing opportunities. Clearly, diversification into portfolios dominated by low risk, low return activities are unlikely to address poverty reduction objectives adequately. Here extension can have a role in helping assess both the resilience and returns from various strategies. Supporting initiatives for helping deal with risk, such as pro-poor microsavings schemes (Simkhada et al., 2000), will be an important component of public policy.

Considerations of market demand and transport costs will help to determine whether agricultural growth and diversification stimulate wider economic growth. There is considerable evidence from the growth linkages literature that this is the case (Irz et al., 2001). It might ideally lead to the establishment of a number of medium-size towns scattered across rural areas based largely on agriculture service industries on the Chinese model, but considerable public investment in infrastructure is a precondition for these.

### *Uncertainties of off-farm diversification*

It should not be taken for granted that increased diversification of the livelihoods of individuals or households beyond agriculture is automatically a positive trend. Clearly, wider diversification can incorporate many of the same advantages as agricultural diversification. But increased diversification may also be an indicator of desperation if households have to diversify because they have lost their land. In a different vein, successful accumulation out of poverty is often associated not with diversification but with greater specialisation on one or two 'best bets'. One strategy almost universally correlated with rising income is that of specialisation within the household – often associated with the emergence of multi-locational households, as when, for instance, remittances from a son or daughter in salaried employment supplement the income of the 'core' household.

### *Vulnerability and public policy*

Vulnerability has international, national and local dimensions some of which can be ameliorated through policy changes (international, national), technical change or extension (of various forms). Public policy can address these so that the poor can have greater choice and security in livelihood options. In the next chapter, examples from our research raise the following points, emphasising the relationship between technical change and vulnerability in addressing both coping and thriving mechanisms:

- addressing international vulnerabilities in global trade;
- capturing new market-oriented opportunities from existing livelihood strategies (building on strengths);
- enhanced environmental health through the reduction of pollution from processing facilities and more appropriate use of agro-chemicals;
- developing resilient production systems, including through lower risk technologies, and diversifying risk measures through, for example, access to pro-poor microfinance products;
- reduction of risks of landslides, erosion, etc.;
- enhanced community/household food security by greater access to entitlements in the event of livelihood shocks, including making the best of post-disaster safety nets, such as cash/food for work programmes;
- improved quality and impact of rehabilitation projects through better links to development strategies;
- recognising that technical change in agriculture remains important in agrarian societies suffering from chronic political instability.

### 3 Agricultural and Rural Development Policy in Case–study Countries

New policies for pro-poor extension have to be guided transparently by both principles and by the limits and opportunities for what is feasible and viable. From this chapter onwards, we focus on the practical contexts of policies towards agriculture, rural development and extension as they were observed in field settings. Before discussing these, we pause to draw together the lessons from principles reviewed in Chapters 1 and 2.

The principles reviewed suggest that, in an ideal world, governments would design and implement policies based on the following recognitions:

*In relation to poor people's livelihoods:* that poor people manage diverse portfolios, often have objectives other than increased income (such as greater well-being, increased voice and reduced vulnerability), switch within their portfolios according to changing circumstances, and pursue their perceived rights to access a range of resources and entitlements in support of their livelihood strategies. They would also recognise that support for the poor in some circumstances might be achieved more by interventions to reduce vulnerability than to enhance productivity, and that extension can affect the poor not merely as producers, but also as consumers or labourers.

*In relation to market integration:* that the majority of the poor live in areas weakly integrated with markets, that remoteness protects them from some of the negative effects of globalisation, but also – and more importantly- prevents them from accessing its benefits; that sensitive policies are needed which open opportunities for them (including the opportunity of labour out-migration), but that to declare their ways of life ‘non-viable’ increases their vulnerability and may contribute to alienation and civil strife. They would also recognise that globalisation needs to be addressed by combinations of strategies: to highlight the negative impacts of Northern protectionism in international forums; to protect their producers where this can legitimately be done; and to design agricultural and rural development strategy in ways that provide low income producers with access to domestic and international markets in ways consistent with their competitive advantage (see also Annex 1).

*In relation to the role of the state:* that local government should be reinforced where it can contribute to a strengthening of local economic, political and social life; that a role for state financing (and possibly, delivery) of services will remain valid in many areas, well beyond the ‘facilitating and regulating’ provisions of neo-liberalism, and that substantial support will be needed to civil society organisations if they are to play their due role in making demands on the state, but also on occasion in direct provision of services such as extension.

*In relation to political and natural resource instability:* that policies are needed that combine support to available production opportunities with mitigation of the risks that are associated with changing settlement and protection patterns; and that to declare areas which are chronically threatened by flood, cyclone etc as ‘non-viable’ would, in its logical conclusion, require massive (perhaps forced) relocation of people, in many cases with no clear alternative destination or livelihood. They would also recognise that, although government may have difficulty in accessing areas of chronic political instability, some kind of production system and market may continue to operate in these areas and would merit support from those (e.g. private sector, NGOs) who are capable of entering them to reduce the threat of greater marginalisation and systemic collapse.

*In relation to all of the above:* that no matter how well-designed extension strategies are, they will achieve little unless broader agricultural and rural development strategies are adequately pro-poor,

that pro-poor extension itself should be cast in the wider livelihood support context, and not be merely production-focused.

In this and the following chapters, we turn to a review of practical experiences in relation to poverty, vulnerability and extension in the country case studies. We examine particularly how close policy perceptions and interventions are to the ‘ideal’ set outlined above. *The comparison between ideal and reality then provides a basis for identifying practical and pragmatic but at the same time more explicitly pro-poor extension options for the future.*

In what follows, we compare ideal and reality in relation to the case studies in four main dimensions:

- joined-up policy and praxis: from the international to the local;
- the financing of pro-poor initiatives: revisiting subsidies;
- indirect pro-poor effects of agricultural policy: labour markets;
- vulnerability reduction, triage and the ‘non-viability’ of marginal areas.

### **3.1 The challenge of joined-up policy and praxis**

#### *Challenges in agricultural policy formulation*

The acknowledgement of the multi-dimensional nature of poverty and a closer integration of many poor countries into the global economy, both discussed earlier, bring new challenges to policy formulation. These contexts suggest that policy needs to incorporate a more sector wide perspective and be linked into a coherent institutional framework from the global to the local. The case study countries have demonstrated variable performance in this regard. Both Uganda (see Box 1) and Vietnam (see Box 2) have made progress in inter-linking policy and mainstreaming poverty reduction. Nicaragua has a more fragmented (and increasingly by-passed) policy environment, although increasingly frank and direct dialogue among government, civil society and donors after Hurricane Mitch are bringing these issues to the forefront. Bolivia and Colombia are characterised by a shift from highly centralised to highly decentralised forms of government, in which many of the issues of coordination between central and local, and matters of local governance (local level public spending prioritisation, local revenue-raising and so on) are not yet fully resolved in ways reflecting poor people’s own priorities. A recent strengthening of local government in India adds a further dimension to an already federal system, but the public administration has successfully resisted most attempts to make it more accountable to local government. India has a long tradition of poverty-focused initiatives, but these have tended to be centrally-designed and funded, albeit increasingly with inputs from the States, and have had a very mixed performance, attributable variously to poor design and to widespread corruption and political interference in implementation.

One key finding is that policy in most case study countries (India and Colombia are exceptions) has tended to be mainly inward-looking with insufficient attention to, first, the way in which policy and praxis are exposed to the international rules of the game, and, second, to ways in which developing countries’ capacity in global trade policy analysis and negotiation need to be enhanced if they are to swing negotiations to their advantage.

### **Box 1 Agricultural and rural development policy in Uganda – approaching the ideal**

In terms of national policy, Uganda has been able to develop a joined-up policy portfolio, though much of it is yet to be properly tested through implementation. Policy formulation in Uganda has become integrated by the co-ordinating efforts of the Ministry of Finance, Planning and Economic Development, donor co-ordination, the increasing integration of participatory poverty assessments and the tendency towards increasing consensus among a range of other stakeholders. Poverty eradication is the primary government policy focus. The Plan for the Modernisation of Agriculture is a core sector-wide strategy for the implementation of the Poverty Eradication Action Plan (which acts with modification as a Comprehensive Development Framework and the PRSP) and is at present being rolled-out. A further indication of common sense taking hold of much of the policy process is the way in which the National Agricultural Advisory Services programme is following that of broader governance and capacity building initiatives focusing on local government. Although Uganda remains dependent on technical assistance for many aspects of policy analysis, and on massive injections of aid for implementation, convergence among government, donors and civil society remains strong, as does their 'ownership' of policy.

### **Box 2 Poverty and agricultural policy in Vietnam**

Poverty reduction is the overarching policy goal in Vietnam. Poverty in Vietnam has been substantially reduced during the past decade (from 58% to 37% from 1993 to 1998, according to World Bank statistics). The primary route to overall poverty reduction is still perceived as being broad based economic growth and structural reforms intended to promote employment and exports. Growth has so far been driven by the rural sector. The relatively even distribution of resources has resulted in a positive relation between general economic growth and poverty reduction. There is however an increasing recognition of the need for targeted measures for vulnerable groups, including the ethnic minorities, female-headed households and migrants to urban areas. Special attention is also given to the vulnerability of people in disaster-prone areas.

So far, the main poverty reduction programme has been administered by the Ministry of Labour, Invalids and Social Affairs (MOLISA), and is primarily a social policy programme. The PRSP that is being developed now involves a broader approach to poverty reduction including economic, political and social measures. It is evolving in parallel with the 10-year socio-economic development plan. It is recognised that the structural reforms may not have a positive poverty reduction effect for everyone. Studies are planned to assess the possible consequences of planned trade liberalisation for the poor and vulnerable groups.

The main achievement in poverty reduction during the 1990s has been the enormous increase in rice production for both food security and export. Although rice is still the basis for food security in many areas, its decreasing profitability has led to the recognition that further increase in rice production is no longer an appropriate focus for poverty alleviation. Policy is shifting to support diversification away from rice. The emphasis at present lies in supporting rural industrialisation based on agro-processing and small-scale rural enterprise, both on and off-farm. There is a large rural work force of people who are underemployed on their small landholdings and have a large demand for supplementary income generation activities and small business development. There is not yet any tendency for land concentration to larger farms. The economically expanding households are thus not expected to grow in terms of land holdings, but in diversification into business development.

There is a large poverty reduction programme targeted mainly to the ethnic minorities in remote mountain areas, referred to as 'Programme 135' for development in the 1,000 communes 'in most difficulties' and is having a large impact on raising living standard and production conditions especially in the remote mountain communes. The funds for this programme are largely mobilised from domestic private resources through the sale of bonds. The resources for the '135' programme are intended to be allocated on the basis of commune development plans, which increases the potential for cross-sectoral co-ordination. There is a strong role for the commune in the monitoring and implementation of activities and investments. Capacity building is conducted for the establishment of monitoring boards at commune level, drawing on the mass organisations.

Rural industrialisation is a distant goal for the mountain areas. These poor areas are on the other hand seen as highly interesting from an export market perspective, despite their remoteness. Insufficient attention is given to developing sustainable local production systems for food security, which makes people in the mountain areas particularly vulnerable to changes in the export market conditions.

### *The public and the private in agricultural policy*

Questioning the role of the state has been put firmly on the table in all case study countries, partly in pursuance of a neo-liberal efficiency-focused agenda, partly due to more pragmatic moves to address poorly resourced state institutions, and partly (in the case of Vietnam) cautiously to explore untried institutional concepts in a context of limited penetration by the private sector and civil society. Reform has either become a joint project of government, civil society and donors alike; or has become a bone of contention, where procrastination and inertia in reform are the order of the day. The attention given to private sector and its development is often an indication of this dichotomy. India remains something of an exception, with a strong continuing focus on state provision of services and very few experiments in contracting out or in public/private partnership. A tradition of public sector service provision and strong unionisation among public sector employees are the main factors hindering public sector reform. However, there is some questioning of the extent to which the state should be continuing to provide financial support to agriculture (through e.g. subsidised electricity, fertilisers and irrigation) in the face of recurrent budgetary crises confronting both States and the Union. Efforts towards subsidy reduction have been made, but are facing resistance from farmers already threatened by lower prices as food self-sufficiency is being reached, and as many products face international competition for the first time.

The coalition of high government levels, civil society and donors in Uganda (often alienating middle level public servants and sectoral ministries in the process) has increasingly raised the profile of the private sector (commercial, not-for-profit, producer organisations) as the main agents for poverty eradication. One of the main modifications of the Poverty Eradication Action Plan in becoming the PRSP was to place the private sector much more in the driving seat of change. Markets have been liberalised (though with some phasing problems) and some implicit taxes on the private sector have been addressed. Extension delivery in Uganda will be contracted out.

### *Where policies fail to influence praxis*

Whilst an appropriate policy environment is important, an understanding is also needed of how to approach so called 'poor performers'. There are examples of countries, such as Nicaragua, where corruption, weakened civil service institutions, politicisation and parallel structures created by donors effectively mean that the legitimacy and institutional capacity to use policy decisions to influence praxis are not present. In these cases the sum total of projects (especially aid financed) sets the tone for the prevailing policy narrative. These contexts are where a sectoral approach is most needed, but where the preconditions for such an approach in terms of government ownership, legitimacy and implementing capacity are not present. The impacts described in Box 3 affect all types of institutions; governmental, non-governmental, farmer organisations and even parts of the private sector.

### Box 3 Where policies fail to influence praxis – the Nicaragua case

Nicaragua is a land of projects. Government capacity to use policy as a tool to coordinate the mass of projects that together make up the thrust of Nicaraguan rural development initiatives has been limited. The reasons for this are:

- a political process is entrenched, wherein the tool of patronage via donor funded projects tends to overshadow policy vision;
- there is a generally genuine (though perhaps fading) commitment to a neo-liberal ideology that sees the role of the state as very limited;
- the state has very limited capacity to mobilise its own resources (due to debt service and HIPC restrictions);
- large and unpredictable aid flows tend to overshadow modest state resources;
- profound donor concerns exist regarding corruption and lack of transparency, which in turn encourage bypass solutions;
- street-level bureaucracies frequently lack awareness of and interest in official government policies;
- government policies lack legitimacy in the field due to a widespread perception that they are steered by personal whims and interests of current (and highly interchangeable) ministers, and therefore do not represent a consistent framework for action.

These factors have all meant that *de facto* development policy formation is extremely fragmented by projects. The impacts of the high level of projectisation of rural development on policy narratives are:

- a strong ‘supply-side’ bias exists, where concern over how to fund and implement a given agency’s (or donor’s) preferred solution takes precedence over a given action’s relevance to policy objectives or to the livelihood and asset investment strategies of the poor;
- demand-pull mechanisms are overshadowed by pipeline pressures and paternalism;
- there is a lack of continuity in service provision and in relationships between service providers and their clients, further contributing to lack of demand mechanisms;
- little attention is given to defining roles of different institutions based on public goods;
- an extreme fragmentation of services exists, where rural people have little control over the continuity, quality and priorities of service provision;
- pluralism in provision of services has not resulted in pluralism in options for producers (with the notable exception of certain easily accessible areas and geographical foci of the ‘CNN effect’ after Hurricane Mitch);
- there are strong tendencies toward a ‘contract culture’ among service provision agencies.

Uganda, on the other hand, is moving away from projectisation and has been able to develop a more programmatic perspective, with increasing use of donor ‘basket’ financing anticipated. Yet some problems of linking policy and praxis remain. For example, there seems to be some over-optimism concerning the ability of the private sector to deliver. Evidence also suggests that the ability of Uganda to reduce poverty has been a rehabilitation process following many years of political, civil and economic strife, and is therefore perhaps more due to a dividend of peace than to normal development processes where technological change and private investment would be expected to play a greater role. There are also many remaining aspects of market failure that require public action in order to solidify links between policy and praxis. Stock levels and capacity among many private agents (input dealers, private extension agencies) are under-provisioned, while the over-supply of middlemen, for example, reduces the efficiency of market operation. There are also some indications that the poor and more marginal areas are at risk of being excluded from the benefits of public policy reform.

## *Event-driven policy*

Events inject an important dynamic into policy, but policies that are excessively event-driven tend to lack continuity and coherence. Public concern for vulnerability tends to rise and fall according to visible indications of the impact of such vulnerability in terms of human suffering and physical destruction, such as are evident in the wake of natural disasters. When a flood or landslide devastates livelihoods and infrastructure, the limits to prevailing narrow growth-focused models are made graphically apparent to the public, to national policy-makers, to donors and to extension agents. Extension agents experience supply pressures to participate in utilising funds and organising projects (such as food or cash for work), as well as demand pressures from affected farmers. They may also feel that such events create moral incentives to engage in an important initiative (Tendler, 1997), although such projects may also be seen as a distraction from core duties (Joshi and Moore, 2000).

Elections are another ‘event’ that focuses attention on service delivery and heightens the tendency, especially pronounced in Latin America, to politicise branches of the civil service (as can be seen in Nicaragua). Such politicisation carries with it obvious dangers that groups that support the opposition (e.g., the poor) may be discriminated against. On the positive side, it may make the services concerned (and these could include extension) a genuine priority for elected officials (see Tendler). This is a particularly positive development in contexts where local politicians and their constituents tend to emphasise urban issues at the expense of ignoring rural poverty. Sustainable engagement in rural services must be underpinned by political commitment.

The case studies highlight the importance of:

- locating policy formulation in the contexts of what is happening both globally (e.g. WTO, TRIPS) and locally (e.g. local governments, producer organisations, traditional institutions, local political processes);
- underpinning policy with sector-wide thinking, even if sector-wide programming is not feasible;
- formulating policy on a discerning basis across areas; i.e., policies relevant to poorly integrated areas will be different from those relevant to favoured areas; and in all cases, close coherence will be required between national and province-level policies if poorly integrated areas are to have some prospect of exploiting their competitive advantage;
- using technical assistance judiciously in policy analysis and formulation. This need not compromise ownership, though it will when there is no convergence on a joint project among stakeholders (particularly government and donors, but also including private sector and civil society). A facilitatory style and local integration of technical assistance is likely to support ownership. To build parallel structures, however, is rarely an appropriate strategy (though may be necessary as a temporary last resort);
- acknowledging that policy formation does not emerge through the mere application of technical advice, but is (and should be) part of a broader political process. Efforts to influence policy should recognise and respect the importance of political engagement, while avoiding contributing to the abuse of aid flows for political gain;
- making a realistic assessment of the capacity of the private sector, accepting that building capacity in the private sector and addressing market failure often requires positive public action not just a ‘hands-off’ approach. Public delivery of services may therefore still have to predominate in remote areas, and mixed ‘partnership’ arrangements may be necessary elsewhere, other than in areas where commercial relations dominate.



### **3.2 The financing of pro-poor initiatives: Subsidies revisited**

The need for positive public action to deliver public goods and rectify market failures, especially in the more difficult areas, in itself provides a justification for public expenditure. This is reinforced by a need to reverse the dominant trend in recent decades of overt and hidden taxation on agriculture (Schiff and Valdés, 1992), and also in order to enhance the positive opportunities (and diminish the threats) of globalisation, especially given the continuing subsidy on agriculture in many OECD countries. These are discussed in more detail in Annex 1. Briefly, they include investment in rural infrastructure, support for institutional development, the creation of new (perhaps temporary) roles for the state until the private sector is strong enough to enter competitively, and some degree of subsidy or protection to address the imbalances created by subsidies provided by the OECD countries.

The financial crisis that faced many agriculture-related services during the 1990s led many to conclude that they should strive towards well-defined goals of financial self-sufficiency. At the same time, it has been increasingly acknowledged that the very poor farmers cannot bear the full costs of these services. A common reaction to this realisation has been that ‘our’ service must be sustained, therefore the market distortion should be borne by another service. Extension designers have hoped that micro-finance – made accessible to ‘all’ – will ensure that even the poor can apply new technologies. At the same time, efforts to improve the sustainability of micro-finance programmes have been based on assumptions that some form of safety net will provide the support needed to reach those who cannot bear the real costs of credit (i.e., that perhaps producer organisations, extension or input supply should be subsidised instead). Furthermore, over-optimistic assumptions of the profitability of rural finance have led to the creation of unsustainable institutional structures.

False hopes have also been raised that short-term institution building support will result in structures that are inherently more sustainable than traditional governmental extension agencies. Buildings and vehicles were given firstly to NGOs and then to producer organisations, as they once were given to public extension services, on the assumption that these new extension providers are more inherently sustainable and are more able to leverage cost sharing by their clients (or members). Similar processes can be observed with regard to credit, as alternatives have been sought to formal banking structures. The question of how long-term subsidies could or should be provided to ensure access by the poor to rural services is ignored due to over-optimistic assumptions that a short-term institutional fix will be sufficient.

In relation to producer organisations, it is now widely recognised in Uganda that early assumptions, that an injection of short-term subsidies would be sufficient to strengthen producer organisations over the long-term, were over-optimistic. Overall, in Uganda there is a growing view that the placement of subsidies needs to be guided much more by a clear vision of feasible outputs and impacts, instead of being attached to activities which might relate only tenuously to outputs.

This musical chairs approach to deciding where to place subsidies and safety nets must be revisited if a more transparent and frank analysis of the trade-offs between the advantages and disadvantages of different forms of subsidies and different institutions is to be applied. This is particularly important as the content of extension and other rural services shifts more to market orientation. Our case studies have shown that transaction costs in accessing new markets cannot in most cases be entirely covered by increased income given the factors that are inevitably associated with poverty, such as isolation, limited production volume, and inability to manage more than very small capital inputs. Transaction costs must be covered, be it through better organisation, better market information, better marketing, better access to inputs, or better access to capital.

All of these have recurrent costs, but initial transaction costs are particularly high, and this leads the private sector to avoid the risks associated with linking poor producers to new markets, even when they may well be viable in the mid- to longer-term. It is essential, however, that short-term support to overcome such transaction costs is designed in ways that stimulate producers and their organisations to *themselves* learn about their customers and their markets. A balance must be found between softening the impact of initial transaction costs while ensuring that producers and their organisations do not assume that outsiders will manage their relationship to outside markets. A system-wide and flexible approach to subsidies given the context and the particular nature of market failure is called for. Much more creativity is required in designing transition phases that address initial transaction costs while encouraging the emergence of local relationships between producers and the private sector.

In Uganda, for example, some sectors are beginning to show a richer perspective on the application of subsidies as a policy instrument (though these are yet to be well-incorporated within public policy). Some donors have supported the emergence of an organic produce export sub-sector, which benefits poorer producers most and builds on their strengths as *de facto* organic farmers. Donors have had different approaches to subsidising the sub-sector. The Sida-funded EPOPA programme has taken the approach of addressing risks associated with market entry and organic export business start-up among existing conventional crop exporters in a way that does not subsidise aspects that would be covered by normal market transactions. They have essentially provided venture capital without reaping the rewards. Some targeted subsidies for inputs are also offered through vouchers by, for example, SG2000 and CRS, with the associated extension being provided free by local agents or stockist through demonstration. A key point here is that subsidy mechanisms are designed to strengthen, rather than compete with, existing local exchange and market mechanisms for seed and fertilizer. This is particularly important where there is a history of welfare approach, such as in contexts suffering systemic collapse or where nascent market mechanisms exist, as in northern Uganda.

In Nicaragua, many NGOs directly manage marketing contacts for organic coffee on behalf of producers. CLUSA has taken a critical stance to this type of approach, seeing it as an obstacle to encouraging farmers to learn how to manage these market relationships themselves. CLUSA's subsidies have concentrated instead upon training producers about the market and about the market actors with whom they will need to interact. This includes the establishment of field laboratories where producers can assess the quality of their coffee in order to make decisions themselves about how to best adapt production methods to market demands. There are indications that CLUSA may be contracted to bring such an approach to Uganda based on similar experiences elsewhere in Africa.

Subsidy policy in India is running into severe difficulty on several counts: first, major staples (especially rice) have reached self-sufficiency, so that prices are beginning to fall, but farmers are pressuring government to expand public sector purchases at the (relatively high) support price; second, highly coordinated and successful efforts during the 1980s and 1990s to achieve self-sufficiency in other products (such as edible oil) involved elements of protection which are now being removed in compliance with WTO rules, and more competitively priced imports are being permitted; third, efforts to reform loss-making industries (such as electricity generation) are prompting efforts to remove subsidies on the provision of electricity to farming (mainly for irrigation pumps) which are being fiercely contested by farm lobbies; fourth, all of the above, together with other subsidies such as those on fertilisers, are being threatened by fiscal crises facing both the Union and State governments. There is some evidence of a more nuanced application of time-bound subsidies (such as for the establishment of local seed enterprises, and for microwatershed rehabilitation in rainfed farming areas), but historically the bulk of subsidies have

been granted to (well-integrated) irrigated farming areas, and have not ventured into imaginative territory such as support for resource-user groups, farmers' associations, or para-extensionists.

In Vietnam, subsidies have often been tied to campaigns and fads, whereby a given commodity is intensively promoted as a new market oriented solution (plums, sugarcane, coffee and pepper are recent examples). This is particularly common in the highlands, where former forest areas have been targeted for resettlement by farmers from the lowlands, and where there is greater pressure to find new technological solutions. Weak market analyses and articulation have in many cases led to overproduction relative to markets, transport or processing, which has in turn led to considerable losses by farmers, despite initial subsidies. It is notable that extension has, in many cases, not been provided with extra resources as part of such campaigns, and many of the failures of these commodities can be related to lack of knowledge of how to produce and handle these new products.

#### **Box 4 Seeking to diversify into cash crops in Vietnam**

Vietnam has had an exceptional growth of export of agriculture produce during the 1990s. The agricultural economy has been transformed from a virtual exclusive focus on the domestic market, to being the second or third largest international exporter of several agricultural crops including rice, coffee, pepper and cinnamon.

Rice production as well as cash crop production comes from small-scale individual household plots. The increase of rice production is a result of the increased household investments in connection with the land reform and liberalisation of rice prices in the early 1990s and state investments in high yielding varieties and infrastructure for irrigation and drainage.

The boom in export production of other crops than rice has largely been in the mountain areas; areas that are not well integrated with markets. The expansion of cash crops, such as coffee, is the result of massive government campaigns, with the provision of land tenure certificates, credit and input packages. Access to state resources has been relatively equitable, but the poor have suffered more from failures connected with lack of sufficient knowledge and production inputs. In some areas the export crop production has been at the expense of food production, creating tension between settlers in 'new economic areas' and local population.

The rapid expansion of production has sometimes caused difficulties. Failed market assessments have led to cases of large numbers of farmers not being able to sell their products. State collaboration with a private processing industry for sugarcane production in Thua Thien Hue province proved very risky. The state contributed massive resources to encourage farmers to raise sugarcane. The Singapore owned processing factory decided to transfer to another province, just before the harvest, leaving thousands of farmers without a market. Plum production in Lao Cai expanded rapidly, out of phase with any processing industry. International market prices are presently falling drastically for coffee and pepper, resulting in great losses for the farmers. The Vietnam Coffee and Cocoa Association (VCCA) has recently decided that 30% of the countries coffee trees should be chopped down, (an equivalent of 180,000 ha of coffee), in an attempt to raise coffee prices.

The Ministry of Agriculture and Rural Development is receiving donor support (mainly from Denmark) to build up capacity for market analysis and information systems. The question is whether the main problem is lack of information, as World market prices continue to fluctuate. One lesson seems to be to avoid massive export production campaigns. A more diversified production strategy makes the farmers less vulnerable. It however puts larger demands on the extension and marketing system to service a more diverse production.

Evidence from the case studies highlights the importance of subsidies as a legitimate public policy instrument, but a need to target them in relation to:

- desirable and feasible improvements in the functioning of markets, through subsidies to the development of infrastructure and institutions, in ways which support rather than crowd out nascent private activity;

- the need to allocate a substantial part of government expenditure to the provision of public goods;
- the need for policies and actions which are spatially differentiated, as between commercial, well-integrated areas; more remote, poorly integrated areas, and those suffering systemic collapse, with a gradual shift in subsidy from the first to the other two.

### **3.3 Indirect pro-poor effects agricultural policy: Labour markets**

Policy needs to be sensitive to likely impacts on employment and incomes in rural areas, not least because the poor will rely for their livelihoods wholly or in part on the sale of their labour - this is important both in relation to staple crop production and to opportunities for diversification.

The focus of public support for agriculture is highly contested in India, and policy switches have had profound implications for labour markets. A large number of labour opportunities were created on medium-scale farms in the early part of the Green Revolution, and this undoubtedly helped to spread benefits to the poor, but many of these were lost as government succumbed to pressure to support the introduction of combine harvesters by farmers who had tired of the difficulty of managing migrant labour gangs. On a smaller scale, microwatershed rehabilitation policy is particularly enlightened in allowing local government and village assemblies control over the design and implementation of rehabilitation. However, decisions here are again contested: villagers prefer labour intensive construction methods which maximise employment opportunities. Officials – sometimes for the possibilities it offers of illicit diversion of funds – prefer to engage contractors, who in turn generally use mechanised construction methods. Migrant labour – whether rural-rural or rural-urban – has long been part of the livelihood portfolio of the rural poor. It is intricately connected with prospects for permanent migration to urban areas, and with the possibilities of escaping from the restrictions of the caste system by taking on non-traditional forms of employment in e.g. construction or transport. However, in many areas labourers are exploited by a small number of intermediaries who arrange contracts, accommodation and transport, and hold back extortionate payments for these from the wages due. Government has little interest in regulating this market since it finds migration inconvenient – poverty-targeted benefits are provided to Districts and Blocks on the basis of their agro-climatic and socio-economic composition; migrants potentially disturb this scheme of things, as well as causing difficulty for urban planners by settling spontaneously to take advantage of urban employment opportunities.

Using a livelihoods approach, Nicaragua's Strengthened Poverty Reduction Strategy (interim PRSP) has looked at how the poor employ their assets and concluded that a focus on labour markets should be central to poverty alleviation. The strategy emphasises that poverty is primarily a rural phenomenon, but that even in rural areas, the primary way to escape from poverty is to exit from agriculture, particularly from subsistence agriculture. This is based on the recognition that areas having least poverty are those with access to labour markets. Those still relying mainly on basic cereal production have the highest levels of malnutrition. Despite these findings, mainstream agricultural policy pays very little attention to labour markets, concentrating instead on increased production and productivity. Even those projects and programmes that are included in the plan of action for the Poverty Reduction Strategy pay scant attention to labour markets. The resulting mismatch of overall policy which recognises the importance of labour market in poverty alleviation and specific agricultural development strategies is a clear example of the difficulties in using the HIPC/PRSP process to introduce livelihood perspectives into sectoral thinking.

In Uganda, food deficit households engage in both local labour markets and migration, so that the employment benefits of agricultural policy are important, though not perhaps as important as in some other countries in sub-Saharan Africa. Initiatives that focus on private sector or producer

organisation development have been criticised for their lack of poverty focus, but in reality have the potential to create a substantial volume of employment.

In Vietnam there are two obstacles in the way of relating poverty alleviation to labour markets. The first is the existence of a faith, particularly within central level political circles, in ‘modernisation’ – in the sense of large-scale capital-intensive production– as the path to general prosperity (assumptions shared by most of the case study countries). This faith discourages specific attention to the employment and other impacts of such technology and alternative pro-poor options. The other obstacle is the propensity (in some ways certainly justified) to equate poverty with mountainous areas where own-account production still dominates, which carries with it a tendency to overlook the large and rapidly growing population of landless labourers and farmers with poor quality land in and near high potential areas.

The case study countries highlight the importance of:

- analysing, acknowledging and strategising around the indirect effects on the poor of agricultural and rural development policy, particularly in terms of labour opportunities;
- ensuring greater coherence between the recognition of the importance of labour markets that is emerging in overall poverty alleviation goals with the production and ‘modernising’ focus of many agricultural policies;
- incorporating poverty analysis and monitoring into private sector investment and institution building initiatives;
- applying a spatial analysis to poverty and labour markets that recognises the relationship between poverty and isolation, and also includes a focus on the situation of labourers and marginal producers who live in higher potential areas;
- revisiting self-sufficiency initiatives based on a growing understanding of the complexity of rural livelihoods.

### **3.4 Vulnerability reduction, triage and the ‘non-viability’ of marginal areas**

Vulnerability reduction is potentially an important aspect of public rural development policy. However, insofar as it is treated at all, it is usually seen more as an aspect of social policy than of production-focused policy, so that potential synergies between the two spheres of policy are lost.

Triage is a useful concept for facing the questions surrounding how to integrate a concern for vulnerability into the formulation of rural policy, including both social and production-focused policy. Triage is defined as ‘the principle or practice of allocating limited resources, as of food or foreign aid, on a basis of expediency rather than according to moral principles or the needs of the recipients.’<sup>14</sup> This usage of the term stems from battlefield medicine, where casualties are sorted according to those who will survive without treatment, those who will probably not survive at all, and those in-between for whom treatment will yield greatest impact. Even though triage is a word rarely used in rural development studies, it has nonetheless been a *de facto* guide for many investments in service provision. In effect, many rural people have been left out of mainstream rural development policies because they are seen as ‘too poor’ to participate, or simply because they have been labelled as members of a ‘vulnerable group’, and thus representing a welfare or humanitarian problem rather than being participants in a development process. By taking such policy formation practices out of the closet, focusing on triage is a useful way of shedding light on the practical and

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<sup>14</sup> Collins English Dictionary, 1991, HarperCollins Publishers, Glasgow

ethical choices to be made in prioritisation, and for placing this prioritisation within the broader context of rural development policy. If by adopting a triage approach some areas are treated as ‘non-viable’, what then are the implications of this for our broader goals and values? This question is central to analysis of whether the direct and indirect implications of extension for the ‘poorest of the poor’ are to be included in formation of poverty alleviation policy.

This review suggests that production-focused service delivery directed solely at the poor *as producers* in isolated areas will yield low and probably diminishing returns. Thus, triage may suggest abandoning many current efforts to support own-account production by the poor. If triage is rejected, then the corollary is that the costs of such efforts must be acknowledged as a long-term subsidy rather than a short-term support measure, out of which poor farmers will suddenly flourish. Greater realism is needed in addressing, for example, how to support production in areas heavily affected by HIV/AIDS, where the challenge is not to deal with mere temporary market failure, but with systemic collapse.

The realistic and pragmatic perspective that emerges when triage is taken out of the closet enables us to look beyond the poor as own-account producers, to differentiating better between various impacts of technological change on the poor, which are:

- direct (i.e. on the poor as own-account producers);
- indirect (e.g. on the poor as labourers or consumers); or
- difficult to define at the outset (e.g. on the formation of community-based organisations, and the expression of demands by the poor).

Triage is also a useful concept for specifying how far down the poverty line one can hope to reach with a given type of intervention. As such, it highlights a number of difficult policy trade-offs that are rarely addressed in planning service delivery. As costs rise relative to production benefits with small or isolated producers, the question becomes one of the relative appropriateness of direct, indirect or undefined interventions (e.g., between subsidising input supply, marketing, organisational support or finance).

Triage is evident to varying degrees in the case study countries: in Colombia and Bolivia it is to some degree forced on government by the ‘no-go’ areas created by drug barons. In Bolivia, triage is practised also in relation to parts of the altiplano where severe erosion and the loss of employment from mining effectively place strong emphasis on outmigration. Areas where government access is difficult because of political unrest are also found in Uganda and NE India. On the whole, however, policy in most of the case studies, certainly in India, Vietnam and Nicaragua, is not formally based on triage (even though *praxis* sometimes exhibits tendencies toward triage).

Given at least a notional commitment to marginal areas, the ways in which they have been targeted differ substantially across case study countries.

The differing forms of rural poverty in Vietnam are related to geography. In mountainous areas, poverty is relatively homogeneous and is related to shifts from swidden to fixed cultivation systems and isolation from markets and services. Ethnic minorities are most affected. In central coastal zones, poverty is also relatively homogeneous due to vulnerability to drought and floods. In some parts of high potential areas poverty is far less homogeneous, being related to landlessness, family structure and social problems. The main framework for government poverty alleviation efforts is geographic targeting of major investment to the ‘1,000 communes in most difficulties’, which are primarily in the mountainous areas. The removal of the main problems in infrastructure and health is seen to be an important precondition for economic development.

Agricultural priorities for these areas are for export crops (coffee, tea, spices, sugar). As noted earlier, weak knowledge of markets and poor profitability of the promoted agricultural technologies in isolated areas have led to many failures. Local agricultural officials realise that the schemes promoted from more central levels have not proven viable, but prevailing faith in modernisation and market agriculture as the path to development have meant that few locally appropriate alternatives have been developed.

Nicaragua's Strengthened Poverty Reduction Strategy (interim PRSP) provides a graphic analysis of where poverty is most entrenched. Other analyses, many of which are being collated as part of WFP's VAM system, are further refining understanding of the spatial aspects of poverty. These indicators all point to a correlation between isolation and poverty. The question which then remains is whether to target the poorest areas (and if so how) or whether it is better to encourage outmigration instead. In practice, a mix of strategies is proposed:

- with regard to food security –in the sense of increasing subsistence and cereal production– a clear priority is to reach isolated areas with more extension services;
- with regard to indigenous people, the priority is to get services to these isolated areas, even if the specific nature of these services is generally left undefined;
- with regard to the mainstream focus on 'modernisation' and 'rationalisation', the emphasis is effectively on increasing productivity in areas with good market integration and high agro-ecological potential.

Despite these policy objectives, capacity to provide services to isolated areas is very limited (especially in areas populated by indigenous people), and there is little indication of a strategy to mobilise the resources that would be required to operationalise policy objectives targeting the poorest municipalities.

India has probably more poverty-targeted programmes than any other country – some areas are eligible to participate in and possibly access resources for over 200 different schemes. These are targeted in two main dimensions: *agro-ecologically*, there are special programmes for e.g. drought-prone and desert areas; *socio-economically*, there are programmes and affirmative action provisions for those falling below the poverty line and for members of tribal communities and scheduled (and 'backward') castes. Many of these face major implementation constraints, including corruption and petty political interference. Many of them have the character of hand-outs to beneficiaries perceived to be passive and relatively helpless. Few of them interface successfully with production opportunities, and the production opportunities that are available to the poor are often hampered by, for instance, monopoly marketing arrangements authorised by the state.

Uganda has made remarkable progress following many years of political, civil and economic strife. Yet large areas of the country and many of its people still suffer chronic insecurity making their livelihoods highly vulnerable and leaving often devastating impacts on society, with the poorest suffering the most. Many of those areas that suffer chronic insecurity are also exposed to seasonality and natural shocks and stresses. The connection between the two is no coincidence, and the situation is being made much worse by the ease of access to cheap small arms. Agricultural policy does not tend to make these areas a special case, and encourages the pursuance of agricultural modernisation and market development as elsewhere in the country. On the other hand, many of the agencies operating in these areas take a purely welfare-oriented approach which may in fact further entrench the root causes of conflict, overlooking local capacities and competing with nascent exchange mechanisms and markets. The ability to target marginal areas is also thought to be improved by the radical approach Uganda has taken to decentralisation, though many of those living in poorer areas are culturally and linguistically distinct, and suspect it is a strategy design to

keep them marginalised as the central government delegates responsibilities to weak local government.

The case study countries highlight the importance of:

- addressing vulnerability through policy, beginning with a thorough risk assessment in order to avoid or modify programmes that would otherwise increase vulnerability;
- taking a realistic view on why areas remain marginalised (remoteness, prevalence to natural disaster, chronic insecurity) and focusing policy accordingly;
- emphasising political inclusion and economic integration in areas suffering chronic political instability, in order to break the cycle of conflict often brought on by inequality;
- the need to strengthen and add to, rather than substitute for, local coping mechanisms and nascent development processes.



## 4 Agricultural Extension Policy in Case Study Countries

The issue of whether and how poverty alleviation objectives can be mainstreamed into extension policy and praxis is controversial. There are several key questions that currently influence whether and how poverty and vulnerability are effectively integrated into extension programming. These include:

- *Extension in relation to triage*: is there a commitment and/or a belief that extension should strive to reach the poor, especially in more difficult areas?
- *Linking pro-poor policy to extension*: to what extent are links drawn (directly or indirectly) between broader poverty reduction strategies and the role of extension in agricultural change?
- *Extension and governance*: in considering decentralisation, is extension a priority for local government, and if so how does it manifest itself vis-à-vis commitment to addressing the needs of the poor? Are producer organisations and other parts of civil society able to influence and/or support extension policy and praxis?
- *Integrating extension into livelihood strategies and vertical production chains*: are key stakeholders thinking more broadly about how extension could be re-envisioned as helping producers and even those who have left or are leaving agriculture to integrate their livelihoods into production chains and changing patterns of rural–urban socio-economic relations? Are possibilities being investigated for extension to be targeted or based with other levels in production chains, such as warehousing, processing or marketing institutions which may have greater (though indirect) impact on livelihoods?

### 4.1 Extension in relation to triage

In Vietnam and Uganda, concern over both poverty and environmental destruction has created a commitment to reject triage and improve conditions in isolated and marginal areas. This involves increased infrastructure investment, access to capital, and extension. ‘Subsidy’ is not a dirty word. At the operational level in Vietnam, however, extension retains a bias towards the relatively accessible parts of remote areas and (as in Nicaragua) towards those farmers having the capacity to engage in ‘modern’ agriculture. While there is a similar tendency in Uganda, public investment is intended to be used in all areas for market-oriented extension for subsistence-oriented producers. Furthermore, the centrality of poverty eradication has been used to justify allocating greater public subsidies for extension to poorer districts.

As mentioned above, Nicaragua displays a mixed and seemingly contradictory approach to triage. Policy discussions on poverty and vulnerability are explicit about the need to address the livelihoods of marginal groups. Plans of action and institutional structures, however, effectively focus virtually all extension resources on more easily (and inexpensively) accessible areas. Areas inhabited by ethnic minorities and where chronic violence has taken hold are said to be given priority, but these strategies are constrained by the spatial reach of existing extension providers. The capacity of the governmental extension structure is largely concentrated in relatively accessible areas. There is no clear strategy or plan of action for how this will be expanded to more isolated areas. Private sector contractors are, if anything, even more prone to the tarmac bias. In effect, the more isolated areas are left to NGOs and bi/multilateral development projects. Whilst these projects do fill major gaps with regard to the governmental targeting agenda, they can also be seen as evidence of a lack of genuine commitment as well.

A seemingly obvious, but very frequently overlooked factor in how extension providers confront triage is whether they believe that they have anything to offer. In the cases under review, many extension actors, both public sector and those based with NGOs and producer organisations, have expressed doubts regarding whether they can present viable alternatives for the poorest (or even for the relatively poor). It is generally assumed that ‘modern’ agriculture<sup>15</sup> is the only viable set of production methods. Triage thus becomes a consequence of this technological bias rather than a predetermined intention.

Yet, there can be alternative interpretations of ‘modern’. In Uganda, for example, ‘modern’ can be defined on the basis of outcomes not inputs, allowing the growth of organic produce exports where poorer producers are able to capture higher benefits with the associated incentives for environmental protection. Hence, the triage calculus becomes modified according the opportunities presented by globalisation *where these opportunities exist*.

The differing interpretations of ‘modern’ are symptomatic of a disconnection between existing knowledge and practice among field staff and a knowledge system that is developing more appropriate technologies for the poor. Farmer-to-farmer approaches are a way to overcome this gap by fostering greater understanding of how producers themselves have adapted more labour intensive and low cost ‘modern’ technological options, and have had significant impact within specific projects. But such approaches have not had significant spread effects within most mainstream rural development bureaucracies. In Colombia, new approaches to expand the web of interactions, and to include governmental actors in more pluralistic systems, have thus far had limited impact.

*De facto* triage manifests itself in many ways. Even if national policies ostensibly promote pro-poor extension, in practice services may fail to reach the poor due to:

- lack of appropriate technologies and of research capable of generating appropriate technologies;
- lack of logistical capacity to reach the isolated poor;
- lack of staff and/or institutional structures in poor areas;
- poor ethnic relations and lack of language skills for working with ethnic minorities;
- insecurity in marginal areas;
- poorly functioning marketing structures that obstruct input supply and market access;
- lack of knowledge and capacity within the extension organisation for judging markets for non-traditional crops for which the poor may have a comparative advantage;
- absence of policy directives to explicitly take into account labour markets or consumption factors in extension priorities;
- underlying assumptions that targeting the poor is the role of NGOs and donor-financed projects rather than line ministry structures.

As with agricultural and rural development policy more generally, extension triage can take place at several levels. The view may be taken, for instance, that extension has little to offer the poor directly as own-account producers. But this should not suggest total withdrawal: it may simply allow a refocus on wider ‘livelihoods’ entry points, such as the provision of extension in support of forms of agriculture that reach the poor indirectly through employment or consumption effects.

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<sup>15</sup> Modern implies inorganic input- and energy-intensive (often mechanised) agriculture, with willingness and ability to pay, which is often absent in more remote areas, aside from the question of whether such technologies are appropriate for those areas.

The case study countries highlight the importance of:

- being transparent about and negotiating triage within an understanding of the impact of decisions on overall strategies, i.e. not falling into a tendency merely to write off working with rural people for whom efforts toward ‘modernisation’ are irrelevant;
- promoting opportunities for linking even the more remote areas to expanding markets (e.g. for organic products) and so capturing some potential pro-poor benefits of globalisation;
- differentiating between extension for *production*, where some degree of triage is inevitable and must be accepted, and extension for *livelihoods*, where a broader menu of options for support should be explored;
- critical reflection on whether expediency has led to a concentration of resources on better-off areas, despite public policies to the contrary, and if so, what this implies for development cooperation objectives.

## 4.2 Linking pro-poor policy to extension

A seemingly obvious, but often overlooked aspect in joining-up extension in broader pro-poor efforts is to explicitly place extension within poverty reduction policies. Coherent policies are the best basis for demonstrating to extension agents that pro-poor efforts will be recognised and rewarded within their institutions (and not seen to be ‘deviations’ from modernisation efforts). Whereas poverty alleviation has certainly received increasing attention from both governments and donors, these policies have generally filtered down to field-level structures in an uneven manner, if at all.

In Vietnam, a commitment exists to engage the local bureaucracy in poverty alleviation and (particularly in disaster prone areas) vulnerability reduction. In some areas local government and quasi-civil society institutions (such as cooperatives and mass organisations) have gone further than policy decrees in addressing poverty. Despite this commitment, many such efforts fail to actually reach the poorest. Whilst agriculture is seen as a priority in these efforts, the limits of growth-focused investments for actually impacting on poverty have often been ignored.

In Nicaragua, the commitment to poverty alleviation through agricultural development is less clear, and is strongly donor-driven. Agricultural policy promotes production and productivity increase and gives few direct signals to extension of how to address the broader needs of the rural poor. Instead, poverty is relegated to food security programmes and various projects as an add-on to the main policy thrust.

In Uganda, an explicit link is drawn between poverty reduction and the modernisation of agriculture. Overarching government policy is articulated in the Poverty Eradication Action Plan (PEAP) with the Plan for the Modernisation of Agriculture (PMA) as a core sector wide approach to pursue poverty eradication. One of the key investments of the PMA will be through the new National Agricultural Advisory Services (NAADS) programme, making extension an important element in the poverty eradication strategy. Yet the links between poverty eradication and extension are as yet only vaguely articulated in the NAADS documentation. The NAADS programme will need to be learning intensive and there are moves to build poverty monitoring into programme design (particularly in terms of the representation of women and the poor in programme governance, and the direct benefits captured by the poor).

As mentioned above, India has a very large number of poverty focused schemes and programmes, but these are generally implemented by agencies other than public extension services, and these

tend to work in a highly compartmentalised fashion. This places a high premium on (hitherto largely unsuccessful) efforts to promote convergence.

The case study countries highlight the importance of:

- drawing explicit links between pro-poor policy and the role of extension, though these may be both through direct and indirect effects;
- learning about how the poor benefit in different ways from investment in extension (as producers, consumers, labourers, citizens);
- specifically analysing the mix of signals and incentives that are sent to frontline extension staff (e.g. objectives such as poverty alleviation, modernisation and aggregate production increase) and how these staff interpret their roles and priorities accordingly.

### 4.3 Extension and governance

There are a broad range of governance issues that relate to the way in which extension links into objectives for poverty reduction and addressing vulnerability. Lack of voice and disempowerment are important aspects of poverty. Client-oriented extension and governance mechanisms can be a means for addressing the power relations that generate poverty. Nonetheless, production oriented organisations and extension methods may hinder client-orientation when they reflect the very structures that exclude the poor. Often key actors (including donors) point to poor people's lack of assets as a justification for designing extension approaches that dovetail with prevailing power structures, rather than seeing these as a signal that such structures must be influenced, modified or challenged. The case study countries highlight different ways in which aspects of the governance of extension support choice and freedom among rural people. Two will be highlighted here: decentralisation, and efforts to enhance the influence of the poor on the system.

#### *Decentralisation*

Decentralisation would seem to be the policy reform trajectory that has the greatest potential for reorienting incentive structures for pro-poor extension. Subsidiarity could be presumed to provide opportunities for local actors, particularly the poor and those supporting the interests of the poor, to adapt policies and programmes to the complex and diverse nature of poor people's livelihoods in a given area.

In essence this requires placing extension, which is under line ministry control in most countries, under local authorities. In practice, neither officials nor local politicians have shouldered these new burdens effectively. Their own sets of political and practical incentives and capacities suggest other priorities. Voters may want infrastructure, health and education services. Urban demands tend to dominate, both due to the proximity of officials to urban constituents, and also since urban authorities may lack the transport and allocations for field allowances with which to reach rural areas. When rural issues are addressed, immediate priorities are usually natural resource licensing and taxation, often for generating income to cover expanded service provision roles and/or reduced transfers from central government. This skewing of priorities is not only due to practical incentives. It is also due to the pre-existing basic identities of local authorities and of extension organisations.

Civil servants may resist the closer scrutiny that may result if they are made formally accountable to local government. But there are also more valid reasons for their resistance: extension workers see agriculture ministries as their principal pathway for career advancement and as a main source of

technical backup. They may also (valid, at least in from Latin American experience) fear the politicisation of their technical corps if it is brought under local government.

In most of the case study countries there have been some moves towards decentralisation of extension, the most radical experiment being in Uganda and focusing on incrementally deepening decentralisation and promoting greater private sector involvement in the delivery of extension. In Uganda, there is a positive process of linking the decentralisation of extension to broader capacity building, planning and budgeting, and to popular participation processes at decentralised levels (see Box 7). Districts and sub-counties will only be able to qualify for participation in the NAADS programme when they have attained a certain local government capacity. The NAADS programme remains faced with the challenge of building links to complementary components of a sector wide approach, such as rural financial services, at these levels. This may be one area around which problems emerge when trying to build sector wide thinking at decentralised levels when components are working at different paces or with various priorities. With proper phasing and local planning this may be addressed. Much of the sector wide PMA will be implemented through decentralised planning processes which will identify the key constraints at the local government level and help remove these constraints through 'joined-up' public sector interventions.

The situation is more fragmented in Nicaragua, where municipalities are faced with a myriad of projects underway in their areas of jurisdiction with different requirements and procedures. The performance of decentralised levels in handling rural development has been quite variable. Evidence shows that the more urban and wealthy municipalities generally fare better than the rural and poorer municipalities in managing their expanding powers and responsibilities (Larson, 2001). Surprisingly, the most urban municipalities are proving better at taking into account rural issues than the primarily rural municipalities (*ibid.*). This can be attributed to two factors. First, the landslides that accompanied Hurricane Mitch created a new awareness of the dangers to (even urban) communities caused by environmental destruction on the slopes above populated areas. A political will to prevent future disasters has thus emerged that is notably lacking in many rural areas where the problem is more distant and the cost, relative to existing resources, is seen to be overwhelming. Second, the wealthier urban municipalities have the human resource capacity and a critical mass to think strategically about rural-urban linkages and their role in development.

In Vietnam (see Box 5), official structures are in many respects still strongly centralised. Local officials have, however, often taken initiatives beyond their formal authority in order to actively promote rural development. This so-called 'fence-breaking' was a major stimulus behind the first wave of reforms that was initiated in the late 1980s. It is still common that local government, extension and mass organisations together initiate rural development projects. Poverty alleviation is a frequent objective, though over-optimistic assumptions of the distributive effects of productive growth tend to limit actual impact.

Part of the reason for weak decentralisation in many countries lies in the lack of resources with which to implement new policies within local structures. A common finding in all the cases was the tendency for decentralised levels to have extremely limited human, financial and logistical resources. This has often meant that decentralised responsibilities greatly exceed local capacities, particularly with regard to extending authority and services beyond the urban centre. Local governments have reacted to decentralisation by struggling to define how they will prioritise use of their resources in relation to their expanded responsibilities – which often implies an urban bias.

### **Box 5 Decentralisation and governance in Vietnam**

Decentralisation is in most countries perceived as constrained by a lack of capacity at local government level. In Vietnam, the capacity of local government is often stronger than the level of responsibility they are formally given. The demand for decentralisation largely comes from below. The district People's Committee has the primary responsibility for local development in practice, with accountability both to the people of the district, and to the province and national government. People in most districts have real possibilities to exercise pressure and influence at district level, through the commune People's Committee and the People's Council structures. Direct accountability to the people is however weaker higher up in the hierarchy. Policy from national and province level is not always appropriate or realistic at the local level, which puts local government in difficult situations of balancing pressures from above and below. In general, however, there is a common policy focus at all levels oriented towards rural development. In the district allocation of resources, the rural communes have a strong power of negotiation, as they clearly outnumber the urban centres.

At commune level there are two main structures through which people can articulate demands for public services. First, through the mass organisations, mainly the Women's Union and the Farmers' Association. They organise regular meetings where everyone can take part, where ongoing development issues are discussed. The second is the structure of hamlet, village and commune decision making. Previously these government-led structures were mainly used for spreading directives, but they are now increasingly becoming forums for development planning.

One constraint in the lowland and midland areas, where the level of organisation is strongest, is that the poor are often in minority. The development decisions focus on issues of priority to the majority in the commune. In the mountain areas the organisational structure is not as well developed. The district People's Committees also tend to have less overall responsibility and control due to the more diverse spectra of local, province, national and international interests including state enterprises, management boards for natural forests. The links between government and the communities tend to be weaker in the mountain areas, partly because of the physical distances, and partly because of traditionally different organisation of authority in areas with ethnic minorities.

Extension has so far been primarily led by vertical structures, whereby the local extension organisation is mainly accountable upwards to the province and national level of the organisation. This has created a bias toward national extension programmes, whether they are locally relevant or not. Pressure is increasing from the districts (with support from central ministry level) to strengthen the accountability of extension to the district People's Committee in order to enhance the local relevance and integration of extension activities with other local development strategies.

There are growing indications that local government may be more interested in siphoning revenue from the rural areas in the form of taxes and licensing fees, than in contributing to poverty alleviation (Ellis, 2000). Decentralisation is often suspected of simply being way of hiding what is in fact a disengagement from state responsibilities and a dismantling of rural service provision. This may be an accurate perception. In many countries decentralisation of responsibilities has not been matched by provision of funding or control over tax revenues with which to act on those new responsibilities, and operational budgets for extension providers have generally been hit hardest. Rhetoric regarding alternative resource mobilisation has not been matched by serious efforts to establish such mechanisms or to analyse how prospects for establishing a local political commitment to extension inevitably must compete with other priorities.

In Colombia, even though financial resources have been made available for new extension activities, the lack of human resources has limited absorption capacity and limited capacity to compete for access to such funding. Weak human capacity may also mean that they lack the skills to identify and implement viable production priorities (e.g. Bolivia). This is most true in poorer areas, where human resource capacity is weakest due to the difficulties in recruiting and retaining qualified staff.

A related factor influencing the impact of decentralisation on incentives for pro-poor extension is the ability of local authorities to deal with pluralism. Extension subsidiarity is not just a matter for politicians and the civil service. To be effective, pro-poor incentive structures must be embedded within a number of different organisations. Local authorities often lack the knowledge, skills and legitimacy (often due to corruption and politicisation) with which to influence these agencies, much less to coordinate their efforts. This may appear obvious, but over-optimistic assumptions that local authorities have the credibility and capacity to assume a leadership role are central to many plans for the decentralisation of extension.

#### **Box 6 Reluctance to decentralise extension in India**

Under the federal system in India, extension is mandated to the States, and within these, it is highly centralised. Some limited efforts have been made to overcome these shortcomings, such as having village-level workers (VLWs) form and engage with farmer groups instead of individual contact farmers, but these have rarely been undertaken in anything more than a token fashion. Some States with a long tradition of public participation have set up demand-led semi-privatised schemes (such as for vegetable production in Karnataka), but efforts elsewhere to break free from fully state-provided systems have produced little of enduring benefit. These include a series of imaginative partnership arrangements in Rajasthan state in the mid-1990s supported by the Ford Foundation, which included formal contractual relations with NGOs, the creation of competitive funds for poor-responsive adaptive research and extension, and other efforts to promote institutional pluralism in extension design, funding and provision (see Alsop et al., 2000). These failed for many reasons, including the preoccupation of extension services in meeting targets for delivery of subsidised inputs, the difficulty of breaking out of 'government knows best' moulds of thinking and behaviour, suspicion on the part of NGOs that they might be identified with government programmes that had little to offer to the poor, problems in specifying vaguely articulated farmer requirements into researchable topics, and resistance by the extension workers' union to any hint of removal of posts from the official schedule. This illustrates, first, the continuing problems of governance in a large system in which accountability and responsiveness are upward and internal, and, second, the chronic difficulty of maintaining a publicly-funded, publicly-delivered system in remote areas.

#### **Box 7 Deepening decentralisation and extension in Uganda**

The decentralisation process in Uganda has involved substantial transfers of political, financial and planning responsibilities from the centre to local governments, including agricultural extension. The Extension Directorate of MAAIF was abolished. The intention was to promote popular participation and empowerment of local people in development planning and decision making, though participatory poverty assessments showed that the intention has often been misunderstood as one of abandonment of rural areas. The accountability of service providers, including those offering extension, was to be enhanced in the process, whereas many producers still feel that this is far from being the case. This gap between formal intentions and local perceptions has encouraged Uganda to work harder on establishing credibility by expanding the process.

The NAADS programme has, somewhat controversially, taken the challenge of decentralisation further by delegating responsibility from districts to sub-counties and broadening the role of producers in governance. The programme is likely to explore a number of situation specific mechanisms for encouraging broader representation, having learnt from the elite capture that seems to occur with more uniformly structured arrangements based on farmers' organisations, such as the Chambers of Agriculture in, for example, Guinea, Mali, and Morocco.

There remain concerns about the capacity of sub-county levels to effectively undertake strategic planning, financial and contract management and institutional building. A commonly cited example is that many extension agents and technical staff are more highly qualified than civil service heads at sub-county level. The PMA and the NAADS programme will seek to address these capacity issues, in line with other capacity strengthening initiatives.

Tendler's research in Brazil concludes that decentralisation's impact on incentives for field staff often relies on strong, clear and focused policy guidance from central levels. This is echoed in the successful experience in Vietnam, as well as in the reasons for the limited impact of decentralisation in Nicaragua. Without a strong and consistent vision as to what extension should be doing, there is a danger that mid-level actors respond to other incentives (including their own personal rent-seeking). In India, while messages and policy guidance from the centre are strong, they are often irrelevant to poor people's needs, monitoring systems are weak, and even the limited attempts to ensure more accountability of extension workers to local government have been strongly resisted.

### *Enhancing demands on the system by the poor*

It is often expected that producer organisations will provide a 'voice' for the poor, both in terms of placing pressures on extension providers and also in providing and facilitating services for their members and other producers. The fundamental problem is that poor farmers are rarely members of these organisations. This raises questions regarding the commitment and capacity of these organisations in reaching and representing the poor.

In Uganda, despite hopes that producer organisations will contribute to poverty alleviation, little has been done to draw poorer farmers into co-operative arrangements (of various types) from which they can benefit through greater economies of scale, bargaining power and a stronger voice. Some of those supporting district farmer associations in Uganda argue that these should work with producers having 'potential', and so would impose a form of triage. Events suggest that in any case, many of the 'poor with potential' and 'vulnerable non-poor' are unlikely to be included.

The sector is receiving support from a range of NGO and donor agencies. There are also a number of commodity-specific farmer associations at national and local levels, some of them being successful born-again primary societies. Heavy support has been given to developing advisory services within farmer organisations for the benefit of their members, but high expectations of achieving cost-sharing of extension services among producers have not been met.

Initiatives to strengthen producer organisations and the NAADS programme in Uganda are also important steps to place more power in the hands of producers. Sensitive implementation of the NAADS programme in the construction of farmer groups and fora may perhaps open opportunities for channelling the voice of the poor in agricultural development. The risk is that governance mechanisms for the NAADS that depend on social capital may not act in favour of those who have least access to social capital.

Vietnam can be seen to be following a collaborative model of extension, where local government has the overall control over extension activities in the district and funding is primarily from public funds. The range of actors in extension is broad including public extension and related services, the mass organisations, village organisations, farmer groups, co-operatives, private entrepreneurs, state and private input supply companies etc. There is no clear distinction between state and civil society. The mass organisations operate with considerable independence, but are still accountable to the local People's Committee. There are advantages and disadvantages with the close relation between the community organisations and local government. It means that there is an institutional structure for communication between supply and demand for services. People have larger chances of influencing supply by voicing demand within the mass organisations than from outside. There is however the risk that the mass organisations spend most of their time mobilising for state policy decisions already made, at the expense of their role as a channel for popular demand.



From a poverty perspective, most community organisations have a genuine community wide membership, including the poor. They have an important function in the farmer-to-farmer communication of knowledge. They have a wider outreach than the formal extension organisation, which tends to concentrate training and extension to the farmers who have the best ‘potential’.

Private sector extension is increasing as policy is moving towards more equal terms of competition between state and private enterprise. Subsidies to state companies are gradually being removed. Access to credit is however still a constraint for small business development. Private extension comes mainly from small local providers of veterinary and plant protection services operating with state certification. The larger input supply companies often ‘contract-in’ the public extension services for organising demonstrations and marketing of their products. The public services function as a quality guarantee between the private service providers and their customers. Ministry policy is to gradually move towards cost-sharing of extension services for commercial production, and free services in the remote mountain areas. The implications of this policy are as yet unclear regarding potential impact on the poor in commercial areas and for non-commercial extension.

In terms of providing services, farmer organisations are well placed to organise farmer-to-farmer extension initiatives. These may reach relatively poor farmers. In Central America, the farmer-to-farmer movement mounted an action research effort after Hurricane Mitch to analyse how different production methods impact on vulnerability to soil erosion and landslides. This helped to raise awareness of the need to integrate vulnerability issues in extension, and has spurred a regional debate on the relative benefits of agro-ecological and conventional production methods.

Commercialisation is an area where farmer organisations are increasingly involved in extension related activities. In these involvements, the incentive structure is strongly focused on ensuring profitability through effective marketing. Whilst by no means ruling out all poor producers, a certain triage effect inevitably emerges where neither the poorest farmers nor their organisations can afford the risks of handling commodities where producers lack basic resources. With vegetable production and links to supermarkets, the poor will in most cases at best benefit through labour markets. Yet there seems more scope for producer organisations, more or less formal, to link to poor producers (including, for example, by piggy-backing on commodity chains – as in the Colombia coffee example in Annex 4) than through direct contract farming arrangements.

Finally, the Bolivia case (Annex 3) illustrates well how an appropriate pathway was chosen among central/decentralised and among public/private options. Given the non-viability of public extension provision in the sparsely-populated lands of eastern Bolivia, the research and extension services remodelled themselves to provide advice and information to a range of ‘intermediate users’ of technology, including producers’ organisations, NGOs, and commercial agencies. This approach cost government little, indirectly reached most remote areas, had adequate technical back-up from research, drew on innovations practised among farmers themselves, and encouraged farmers to make demands on the technology system through the intermediate organisations.

The case study countries highlight the importance of:

- continuing efforts to break away from centrally dominated, state funded and state provided systems, which are ceasing to function in the more difficult areas. To support decentralised capacity building and to make extension accountable to local government, with an important role for a cadre of non-sectoral advisers, are appealing alternatives;
- ongoing analysis of what actually occurs in the wake of decentralisation in order to close the gap between the rhetoric of decentralisation and the often weak commitment to providing services to marginal communities and poor performance with regard to sustainability;

- designing decentralisation efforts within a frank and realistic assessment of the pre-existing incentive structures, resource flows and legitimacy of local government, civil service and civil society institutions;
- efforts to create opportunities for poor people to articulate their demands on extension services, possibly in ways linked to democratic decentralisation, and possibly into the middle-levels of current structures, since evidence suggests that village-level workers almost universally are unable to respond to more than the simplest demands;
- efforts to link extension provision into two-way interaction with organisations representing or working with local people, as in the Bolivia Intermediate Users model.

#### 4.4 Integrating extension into livelihood strategies

##### *Livelihood extension*

If we look beyond agricultural extension *per se*, and instead consider *livelihood* extension, i.e. how the poor may benefit from technological change as producers, consumers, labourers and as rural residents, then the concept of triage noted earlier raises other options. Triage may mean a decision to give up on efforts to support subsistence producers in their production strategies, and instead look at ways to support the creation of other rural employment (on-farm and non-farm) and migration. In addition, the consideration of livelihood extension can also mean that, for example in Uganda, provision of counselling to market-oriented women's groups on domestic violence has positive spin-offs in terms of social capital formation, positive functioning of groups and income generation. In Nicaragua, this has meant, for example, efforts to limit pollution of water sources by coffee processing units, sanitary controls on dairy and control of rabies spread by vampire bats. Here also is a nexus of rights-based and sustainable livelihoods approaches, as the right to basic health and human security *perhaps* become extension objectives, on par with the traditional focus on production issues. Livelihoods and right-based approaches to understanding and alleviating poverty are meaningless if they do not question traditional assumptions regarding the scope of extension. We do not suggest that extension agencies themselves should take on such broader tasks. The challenge is one of coherence, whereby extension services are seen as part of a broad range of actors that address (or could address) the impact of technological change on the rural poor through better information. Extension agencies should not enforce sanitary controls or do nutritional monitoring, but they should adapt their roles to the de facto 'extension' that other actors engage in.

Even if one restricts analysis to a narrower income-based view of poverty, our case studies show that extension is generally excluded from consideration of how to promote livelihood options that are not related to own-account farming. Either extension is seen as having nothing to offer (for non-farm strategies), or the positive externality of employment generation from support to large-scale production is such a vague and minor priority in agricultural policy that virtually no attention is paid to including employment as a benefit to be weighed when judging a given technology. Poor people, on the other hand, take a broader view. A livelihoods approach to analysis of extension priorities may point to new ways to ensure that efforts are more congruent with the strategies of poor people themselves to cope and to thrive.

##### *Extension for coping and thriving*

Extension priorities can be seen as falling into two general categories in relation to livelihoods, helping poor people to *cope* with their vulnerability, and helping them to 'escape' from poverty and

*thrive*. The latter consists of commercialisation, market participation and increased income. The former are dominated by security, subsistence and safety nets.

Many thriving-oriented initiatives focus on non-traditional commercial crops that require close supervision and market information flow to ensure quality, timeliness and transport. High levels of extension inputs have proven essential for maintaining quality and also to ensure that products are available according to market demand. NGOs and producer organisations are establishing collection and processing centres, which provide packages of extension, inputs, processing and marketing. This includes organic crop exporters that are developing internal control systems in compliance to requirements for group certification. Other schemes, directed at accessing supermarkets are often targeted toward the production of vegetables by small-scale farmers using irrigated land. While relatively poor, access to irrigated land is an indication that these producers are in most cases not among the very poor. The Colombian ‘commodity chains’ approach provides another way of assessing whether changes in market conditions have implications for production or processing technology, and if so, how producers might be engaged in these, though again, the orientation here is not towards the poorest. In the case studies, thriving strategies were generally (though not exclusively) skewed toward better-off producers. As mentioned earlier, the focus on middle- or higher-income farmers inherent in many of these approaches need not be detrimental to the poor, providing that policies are in place to stimulate employment opportunities. Thriving strategies for wealthier producers may be designed in such a way as to contribute to coping strategies for the poorest, but vague, trickle down assumptions provide little guarantee that this potential will be realised.

Many NGO efforts and food security programmes emphasise coping strategies that are not related to commercial production. This is due to both normative objectives and because projects are often initiated after major crises, when coping strategies tend to become higher priorities for donors searching for ‘good exits’ from humanitarian assistance. These priorities are also based on the belief that thriving will not reach everyone. Even the indirect employment impacts of thriving strategies are contingent on the availability of roads, markets and institutions. A realisation is emerging that coping strategies for those that lack these prerequisites need to be supported, even if the mechanisms to support these strategies are not necessarily ‘sustainable’. Market solutions alone will not lead to inclusive development. A mix of subsidised and unsubsidised strategies is needed that will often combine coping and thriving and integrate various aspects of the scope of extension (highlighted in Table 2), though not necessarily in the same institution.

**Table 2 Potential scope of extension**

	<b>Domains</b>		
	<i>Production</i>	<i>Production context</i>	<i>Wider livelihoods</i>
<b>Intangible factors with a potential role for extension</b>	<ul style="list-style-type: none"> <li>• Crop and livestock husbandry</li> <li>• Farm management</li> </ul>	<ul style="list-style-type: none"> <li>• Use of natural resources in relation to agriculture</li> <li>• Wider environmental issues</li> <li>• Marketing</li> <li>• Processing</li> <li>• Producer organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative livelihood opportunities</li> <li>• Improving access to natural resources for the poor</li> <li>• Social safety nets</li> <li>• Power relations and institutional landscape</li> <li>• Law</li> <li>• Local and national level planning of agricultural and NR 'futures'</li> <li>• Reduced vulnerability in relation to the above</li> </ul>
<b>Institutional support with a potential role for extension</b>	<ul style="list-style-type: none"> <li>• Promotion of farmers' organisations or cooperatives for input acquisition, information access, veterinary services, phytosanitary services etc</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of groups for joint action in NR management</li> <li>• Promotion of farmers' organisations for marketing, processing, certification, etc</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of groups to exercise small farm 'voice' in planning NR 'futures', in accessing NR, and in accessing alternative livelihood options and the requisite skills</li> </ul>
<b>Tangible factors with a potential role for extension</b>	<ul style="list-style-type: none"> <li>• Seeds</li> <li>• Agrochemicals</li> <li>• Irrigation water</li> <li>• Productive credit</li> </ul>	<ul style="list-style-type: none"> <li>• In relation to above</li> </ul>	<ul style="list-style-type: none"> <li>• In relation to above</li> <li>• Insurance schemes</li> <li>• Consumption credit</li> </ul>

### **Box 8 Crisis and opportunities for livelihood strategy change**

It would seem that reconstruction and rehabilitation are ideal openings for applying a concern for vulnerability to hazards and shocks in decisions of what, how and with whom to rebuild. It is frequently suggested that one can find windows of opportunity for promoting risk reduction in conjunction with rehabilitation, when hazards are still fresh in people's minds and where there may even be somewhat of a consensus on the inappropriateness of early models of infrastructure, housing and land use (Parker, 2000; Christoplos, Mitchell and Liljelund, 2001). Simple common sense suggests that the immediate post-disaster period is an obvious time to entrench measures to prepare for and mitigate the *next* disaster.

Rehabilitation options, however, often remain limited due to the chronic nature of conflicts and the weakness of institutional structures. , Interventions that bypass the need for these structures, such 'seeds and tools', are widely acknowledged to be inadequate as they often overlook local capacities or coping mechanisms and compete with nascent exchange mechanisms and markets (Longley, 2001). In some areas, the dangers of lending support to organisations co-opted by one or other faction are immense. Other obstacles relate to pipeline pressures and the need to show quick physical results from high profile rehabilitation initiatives. These dysfunctions all stem from the fact that 'Rehabilitation is an inappropriate concept, as it is something one 'does to things' rather than with people' (Schafer, 2001:9). Seeds, tools, bridges and houses are placed before livelihoods. Windows of opportunity to incorporate risk in development planning are ignored because people are too busy building things (Frühling, 2000; Christoplos, Farrington and Kidd, 2001).

Despite these problems, huge quantities of resources are expended. These programmes do exist and will continue to exist, and sometimes are actually quite successful in mobilising people – such as extension agents and their clients – around the 'things' that are built (see Tendler, 1997). Since rehabilitation is generally promoted with dual objectives related to risk reduction and economic development a door is opened to insert vulnerability reduction into rural development efforts. By placing the 'things' that are the focus of rehabilitation in the perspective of how poor people themselves are re-jigging their use of assets, the twin factors of dealing with livelihood shocks and dealing with the changing political economy of rural development may be brought together. To put this in the livelihood analysis framework, if rehabilitation programming suffers from tunnel vision of merely dealing with livelihood *resources*, the challenge should then be one of relating this to the *strategies* and *outcomes* that poor people pursue. Extension staff are the people at the frontline of these processes, and could be expected to play a key role. Moreover, these people are often strongly motivated to engage in just this issue since they gain status from being associated with the 'things' that rehabilitation delivers, but must also design their longer-term role in the community around strategies and outcomes (see Tendler, 1997).

### *Vertical integration of extension*

Extension for livelihood support must look beyond the farm and the 'community' to engage in helping producers and those who have left or are leaving agriculture to integrate farming into production chains and changing patterns of rural–urban socio-economic relations. Wiggins (2001) advances a number of arguments regarding the diversity of rural areas, proposing a typology based on proximity to cities and the quality of natural resources. He argues that for peri-urban areas, the policy agenda is essentially set by the nature and pace of urban development. For deep rural areas, it remains that of promoting the integration of urban development into a market system, whereas the options are more limited in remote rural areas, especially where the quality of natural resources is poor. Drawing on location theory, he further argues that urban areas enjoy the advantages of proximity to both customers and other producers which are denied to rural areas. For these reasons, rural areas in developing countries have a comparative advantage in only a limited range of activities: those related to primary production (farming, forestry, fishing and mining), some processing of primary products, some types of tourism, and possibly some crafts. He sees limited prospects for the rural non-farm sector (other than localised service provision) since most productive activities can be undertaken more efficiently in towns, and products then transported out to rural areas, though there may be opportunities for rural industrialisation. Easier transport and

improved communications are unlikely to allow rural areas a comparative advantage in sectors where it did not exist earlier. Indeed, their main effect may be twofold: first to reduce the cost of transporting manufactures from the urban areas, and second to improve knowledge of distant opportunity and increase the mobility of some members of rural households, thus increasing the opportunity for multi-locational household livelihood strategies, consistent with the trend in this direction noted by Ellis (2000) and Bryceson (2000).

The overall view taken in this paper is the permeability of rural and urban boundaries proposed by Satterthwaite is important especially for those rural people who can afford daily commuting into towns. However, the majority of rural poor live in the more remote rural areas, especially those characterised by low-productivity natural resources. At the same time, while we recognise that outmigration and multi-locational households will continue to characterise (especially) the more remote areas with low NR potential, we feel that Wiggins's views on the limited prospects for livelihoods in rural areas need to be challenged. In particular, the emergence of markets for niche products, including organics, has opened up new possibilities especially for those with favourable value: eight ratios, providing that necessary product type, quality control and presentation can be achieved. Also, providing that plant breeding and varietal release procedures are streamlined, and extension advice appropriately tailored, there are substantial prospects for enhanced productivity in food crops. Even if this is too remotely located to permit access to markets, it will at least have had the benefit of allowing the same levels of production to be achieved from reduced inputs of land and labour, thus releasing resources for other (potentially more productive) activities.

Producers are not the only actors who have training and advisory needs in terms of agricultural sector development, though they remain the main focus of extension initiatives. The knowledge and skills of others, such as input suppliers, distributors, stockists, extensionists, producers, traders, and the patterns of interaction among them are critical for addressing market inefficiencies. Better linking the various actors and agencies will increasingly draw on the potential of ICTs (see Box 9) and supporting the development of a centrally-placed, accessible critical mass of administrative, market and agricultural services (see Box 10).

Much attention in the past has been given to the need for farmers to receive credit and advice for inputs. Some initiatives are going further by focusing attention on the information and advisory needs of support services, together with associated credit needs and risk management, at other links in the commodity system. There are potential benefits both in terms of providing better services for the agricultural economy and also in providing good exits from own-account production.

When indirect impacts on the poor are taken into account, it becomes reasonable to address technical change, knowledge and skills at different links in commodity chains as a means of bringing poverty reducing changes in systems. In Uganda, for example, providing appropriate advice (and targeted subsidy to) an exporter of organic produce had great benefits for a large number of poor, rural producers who benefited only indirectly from the support of the programme. Furthermore, one aim of addressing technical change, knowledge and skills at various links in commodity chains must be to enable for poorer countries to capture higher value links in the change from which they have often been excluded, as in Uganda where the economy remains heavily biased to primary commodities.

### **Box 9 Better linked actors through ICTs**

Information Communication Technologies (ICTs) comprise a number of options, such as those listed below:

- *Cellular technologies* are ‘wire-less’ in that they do not require ground line connection and so can easily penetrate even into remote areas, providing that an adequate network of transmission stations has been constructed.
- *Conventional telephones and computer transmissions* (including email) typically rely on combinations of landlines and satellite, but are increasingly using fibre optic cable connections in some areas. Where grid electricity is not available, photovoltaic cells can be used.
- *Telecentres* typically comprise a networked computer (intra- or internet), cellphone and/or conventional telephone and fax machines.
- *CD-ROMs* played on freestanding computers allow possibilities of training as well as information access. However, the possibilities are broadened and made potentially more interactive when computers are networked.
- *Intranet linked computers* can also provide for important two-way interaction.
- *Radio and television* can be linked with other ICTs as with, for instance, audio-clips made available on the Panos website which can be adapted (and/or translated) for radio transmission by local radio stations in West Africa. In East Africa, the Foodnet project, for example, makes local and regional marketing information available on the internet or through byte-lean text email to local government headquarters or producer organisations for further transmission in local language via radio and local agents.

They have the capacity – particularly cell-based devices which do not rely on land-lines – to increase the speed and reliability and reduce the costs of transmitting information over long distances, and so of overcoming some of the problems faced by areas which are poorly integrated into markets. It should be noted that they are only capable of transmitting information, so that other requirements – such as acquiring inputs, marketing outputs, and some aspects of training and advice – remain unaddressed. Skills enhancement through internet-based learning initiatives generally still rely on wire connections or manual transfer of disks such as CD-ROM, and so are likely to have more limited reach than cellular technologies. Cellular and satellite transmission can be used, but the former is generally too slow and the latter too expensive for general use. Potential benefits for the poor fall into several categories:

- better information in relation to the productive enterprises of the poor themselves, either directly or indirectly by having better linked service agents, producer organisations and local governments;
- better information in relation to the enterprises of others which generate employment or products (e.g. food) relevant to the poor;
- price or wage effects for the poor themselves;
- improved access to emergency assistance, remittances, loans from friends and relatives, etc.;
- any of the above in relation to others responsible for caring for the poor, which may be passed on through them.

Positive effects on poverty can also be achieved where cellphones and/or other ICTs are linked into e.g. a complaints service for promoting the accountability of (especially) government (or government-sponsored) service providers, or a scheme for obtaining printouts of certificates to allow access to entitlements (both of these dimensions feature in the Gyandoot experiment in Madhya Pradesh, India (Jafri, 2002). IDRC’s Acacia Initiative, operating in four African countries, was among the first programmes to establish Telecentres in rural areas. Other agencies (FAO; Sida; Finnida) are now supporting ICTs in various guises, particularly the provision of cellphones to the rural poor.

Some reviewers have enthusiastically endorsed telecommunications (e.g. Richardson et al., 1998). Others have been less sanguine, especially in relation to potential benefits for the poor. Thus the ZEF review (Bayes et al., 1999) of the Grameen Bank’s Village Pay Phone initiative in Bangladesh notes that although women were selected to be owners of the phones, they were selected on criteria of a good repayment record of earlier loans and ownership of a small business such as a local store.

Only 15% of users could be classified as falling below the official poverty line, but accounted for some 25% of the calls made during the survey week.

The review suggested significant savings in transaction costs by the poor who could now meet some of their requirements over the telephone instead of having physically to travel in order to meet them. Consumer surplus – defined as what users actually had to pay compared with what they would have been willing to pay – was estimated to have been 50% higher among the poor than among the non-poor. In relation to agriculture, it is noteworthy that much of the information acquired related to markets – information on technology scarcely featured.

Indications are that experiences are similar in Uganda where there has been a massive increase in cellphone ownership and use over the past three years following liberalisation of the telecommunications industry. Yet many of the poorer, more sparsely populated and insecure areas of Uganda are being left out of developments in the ICT revolution in Uganda. Telecommunications policy is looking at a positive programme for improving rural connectivity using both regulatory and subsidy mechanisms to improve the reach of the private sector. The poor tend use ICTs directly to support their coping mechanisms and can benefit indirectly by reducing the transaction costs of private sector operations in rural areas. Agricultural entrepreneurs, buyers and exporters have seen their ability to reduce risk associated with produce marketing significantly reduced with greater rural outreach of telecommunications. This can enable them, for example, to plan their crop finance and urban-rural cash flows more effectively in order to avoid buying on credit, a last option for many poor producers that often substantially increases vulnerability.

The telecentre experiment in Uganda has been an interesting start in improving the connectivity of three rural communities and will raise some useful lessons during on-going evaluations. The areas included to date are not remote, though some are yet to be reached by electrification. These initial experiences will help test the extent to which ICTs can have a significant transformational effect in less developed countries. Illiterate producers are, of course, unable to find many of the services offered by telecentres of direct use. There is a tendency that community telecentres are not for the community as such, but for the local elites. It is becoming recognised, however, that some creativity in the use of space based on real community needs and effective community involvement is necessary for telecentres to be more community-oriented.

The telecentres present a range of challenges, from the technical to the governance of the centres. Keeping the information technologies operational and well-maintained is crucial aspect of telecentre management, which is often complicated by inter-agency partnership agreements that do not allow accountability of service provider to the telecentre. There are also a number of issues around governance of the telecentres, particularly with regard to their embeddedness in local structures and the role of local governments. Some of the governance and service problems faced seen to related to an over-reliance on public bodies in the rolling-out of the telecentre concept in Uganda. It is likely that lessons learned from these experiences will support moves for more entrepreneurial solutions to telecentre operations and management, through contracting out and other forms of private sector participation.

In Uganda, there has been insufficient involvement of the telecommunications industry and policy makers in the development of a sector wide approach for the agricultural sector and in the conceptualisation of mechanisms for public sector support to extension services.

In Nicaragua, warehousing and processing centres have become the motors in commercialisation of irrigated vegetables and even export crops. These institutions have proven effective at expanding their range of services to ensure that producers are prepared to meet the requirements for quality control and timing that buyers demand. Extension has become an integral component in these market driven systems. This is in stark contrast to the limited success of vegetable promotion by traditional governmental and even NGO extension providers.



### **Box 10 Vertical integration, the poverty of place, and local towns as the locus of demand and supply in service provision**

Several aspects of the changing dynamics of the vertical integration of extension suggest that a special area of focus should be on local towns where there is a basic critical mass of administrative, market and agricultural services.

First, many countries have already abandoned the imperative of earlier decades, i.e. that of attempting public extension delivery down to village level (Nicaragua; Colombia; Bolivia; Uganda). Where it is still being attempted, it often either generates inappropriate messages or is characterised by high staff turnover, limited staff capability and low quality of information (India). One conclusion is that public extension services should not attempt to go below district level, should be closely associated with other public and private service agencies at this level, *and* the capacity of rural people and their organisations needs to be strengthened to reach from villages into the range of service providers at this level.

Examining each aspect of this general argument in turn:

- The concentration of public extension resources at a local administrative centre (perhaps a district) would allow a wider range of better qualified technical specialists to be located there, each able to deal with requests and promote opportunities in his/her field, or to obtain further information as necessary. To concentrate at this level would also permit more concentrated backup by research services.
- Many commercial services (input supply, processing, marketing) have their agencies at district town level, which offers the possibility of liaison between them and public services or producer organisations.
- Similarly, district towns also serve as an appropriate level for the establishment of wider information services (Information Communication Technologies, local-language radio etc.).

In many respects, investing public resources in district towns may provide a structure for public goods alongside growing private investments, such as is ICT providers, processing centres and marketing facilities, as well as finding synergy with civil society structures such as producer organisations.

An important possible caveat to these suggestions is the dangers of inappropriate investment in arid and semi-arid lands. In many cases attempts to create a critical mass for service provision has led to environmental destruction (due to the provision of permanent water sources) and a concentration of destitute and food aid dependent former pastoralists, rather than commercial investment and economic development. There are also examples of where ICT connectivity (mobile phones in particular) has increased access to remittances and contact with the wider refugee diaspora, thereby strengthening communities that have been affected by conflict (Ahmed, 2000). The interplay of these different factors is an area which deserves further analysis.

In Vietnam, failures in vertical and market integration have meant that many major efforts to introduce production of niche crops have led large-scale production increases that have not been absorbed by existing markets, particularly in the uplands. This has resulted in hardship and disillusionment toward extension by producers. The drive of local politicians to promote new investments has been insufficiently joined-up with commercial actors.

In India, the dominant publicly-funded, publicly-delivered extension system has virtually no interaction with the range of other extension systems, such as fully privatised systems for new commercial crops such as grapes, or levy-based systems for commodities such as tea, coffee and rubber. India has a strong research system, and so in principle extension should have adequate technical backup. In reality, though, under the federal system, extension is a State subject and many of the State Agricultural Universities, especially in the more remote areas, are weak. The central research system, under the Indian Council for Agricultural Research, is stronger, but has been more concerned to develop a number of pilot-scale extension, demonstration and training facilities of its own than to support State-level institutions.

Bolivia and Colombia have both had to face the problems of chronic fiscal unsustainability of state-funded services, particularly in the more remote areas. Bolivia, particularly, has had some success in withdrawing into a service provided to ‘intermediate users’ of technology, such as NGOs, community-based organisations, input dealers, and commodity associations, who in turn adapt and pass on the information to their own members. Decentralisation to the municipalities has offered both the opportunity of introducing new approaches under the management of the municipalities. Whilst attractive in principle, especially in terms of potentially higher responsiveness to local needs, the approach has generally been under-resourced, and has come well down the list of priorities of locally elected mayors and councillors, most of whom have prioritised more visible and potentially more vote-catching schemes.

In general, the ‘supply’ side offers prospects of coherent and, in principle, relatively straightforward prospects of management, and might generate ‘one-stop shops’ in small towns in which a range of services from public and private sectors are available. To stimulate the ‘demand’ side is likely to require far more time, patience and resources. At its simplest level, it might involve the identification of para-extension workers, known and trusted within the villages, who would link with these. Public resources saved from the withdrawal of village extension workers could be used as a ‘start-up’ fund to cover the travel costs and some emolument for these. However, they might be expected to be self-supporting through commissions on the sale of inputs or through arranging contracts for marketing outputs, in the longer term.

But in many respects to focus on extension in this way is incomplete and provides only one example of how service provision in general might benefit from changed perceptions of rural-urban relations. If we accept that the lessons arising from extension – i.e. the seemingly inevitable decline of village-level service delivery, this suggests a need to take a fresh look at how to enhance villagers’ capacity to draw on a strengthened set of services at district town level. How might community organisation as a whole be strengthened, and are there gains to be made – for instance in efficiency of service access, or in the strength of village ‘voice’ – of renewed efforts towards better linking extension to community development? Certainly, lessons have been learned from the earlier and largely unsuccessful efforts towards community development of two or three decades ago in South Asia and elsewhere. There is a new willingness emerging to promote these approaches among major international agencies such as the World Bank, and much more is now known about ways of promoting NGOs as intermediaries in such efforts.

The case study countries highlight the importance of:

- recognising the broad scope of extension in building links between extension and poverty reduction;
- redefining extension’s *raison d’être* based on an acknowledgement that poor people are more than just producers (or labourers), often having other service or advisory needs in order to mitigate the risks that they face and support inclusive development;
- realising that the motor for vertical integration may not come from extension to producers alone, but rather from other actors in the commodity chain;
- analysing and supporting the information, advisory and skill needs of a wider range of actors in and around the agricultural sector, rather than only producers;
- re-assessing the roles of demand and supply sides in the provision of extension and other services, considering these within the wider infrastructural and other requirements for addressing the ‘poverty of place’, and developing district towns as a principal locus of interaction between demand and supply sides.

## 5 Government and Donor Options for More Pro-poor Extension

### 5.1 Preliminary observations

We turn here to consider options for more pro-poor extension arising from issues examined in the case study countries. Some preliminary observations are in order:

First, it is important to emphasise that if policies remain focused only on production itself, impacts on the poor will be slow to trickle down. Taking the needs and opportunities of the poor specifically into account (as producers, labourers and consumers) in the design of agricultural and extension policy offers at least some prospect of earlier and more positive impacts. A shift away from approaches that seek to maximise production, or some policy variant such as the achievement of food self-sufficiency, is therefore important.

Second, the implications of having ‘no policy’ for the weakly integrated areas in which most of the poor live and work needs to be weighed carefully: evidence shows that public sector services are collapsing and neither the private sector nor civil society can be expected to enter in any significant degree. The triage that this thus implies is likely to increase the pressure of destitution on out-migration. Whilst out-migration may be an appropriate policy if managed properly, for it to occur by neglect may cause unnecessary friction and upheaval. Failure to take active steps to intervene in marginal areas has meant that chronic violence, social alienation and conflict fill the vacuum. Expected public sector ‘savings’ by not investing in the unprofitable hinterlands has often led to massive costs, moral and economic.

Third, to counterpoise one broad sectorally-based policy option against another is over-simplistic. The options are not ‘agriculture’ *or* ‘infrastructure’ *or* ‘education’ *or* ‘health’. Social sector and infrastructural investments will enhance capabilities and access opportunities, but these will remain in a vacuum unless new production opportunities are supported at the same time. In impoverished areas, distinctions between productive and social sector investments are in any case rarely watertight: aspects of agricultural production that in one week contribute to ‘thriving’ may in the following week be an essential part of ‘coping’ and agriculture can be just as important for social protection as for production itself.

Fourth, all governments are resource-constrained to varying degrees, as is reflected in the steady decline of village-based extension service structures. This means that it is unrealistic to expect that all the elements of a desirable agricultural policy or extension system can be put into place. This puts a premium on careful selection of priorities, sequencing and identification of funding sources for individual elements of a coherent strategy. For the many countries which rely heavily on aid, donor support will be required to ensure that these priorities are reflected in the new architecture of aid – in Poverty Reduction Strategy Papers and Sector-Wide Programmes, for instance – and that external resources are adequately sequenced and coordinated.

Fifth, even where policies are agreed and resources exist on the ground for their implementation, there will always be gaps between intended and actual patterns of implementation. This may be attributable variously to inadequacies in skills, to rigid divisions between remuneration and operational funds, to rent-seeking and to non-legitimate political interference. They may be due to subsidiarity, as local actors discover the inadequacy of central level policies and adapt their efforts accordingly. These issues are particularly important in decentralisation efforts. Important potential safeguards against both poor and inflexible implementation include reliance not on a single delivery agency, but on a multiplicity of different kinds, preferably with some degree of competition among them when they address private goods, or co-operation in respect of public goods.

Sixth, enhancement of the capability of clients to make demands on the system will be important in all cases, from policy formation to implementation, and above all to the relationships between poor farmers and extension providers.

Within this logic, we suggest a radical departure from recent approaches to the design of extension: these – whether farmer-to-farmer at one extreme, or Training and Visit at the other – have been concerned with the organisation and methods of extension. What we argue strongly is that efforts to make extension pro-poor are unlikely to succeed unless agricultural policy itself is consistent with poverty reduction. Getting policy right must therefore be the starting point.

The evidence reviewed here suggests that policies in general, and extension, training and advisory services in particular, should be guided by the broad aims of: firstly, creating and supporting opportunity; secondly, enhancing security and reducing vulnerability; and, finally enabling empowerment.

### *Creating and supporting opportunity*

Entitlements can be enhanced through increased production/productivity and access to employment. Basic elements of increasing production and enhancing labour markets through technological change include the following:

- In countries still dominated by undiscerning state provision, new models are needed in which the private sector will play a greater role in areas well articulated to markets, possibly using mixed public/private models.
- Promotion of labour absorbing agricultural development and extension advice in these areas (consistent with cost and quality considerations) can provide potentially crucial benefit to poor households.
- Marginal areas can be supported through a range of innovative options capable in some degree of redressing market imperfections, including producer organisations, NGO/public sector models, para-extension workers, one-stop shops, ICT links with advisory services and markets.
- In such areas a primary requirement will be to enhance the capacity of the poor to identify their technology-related requirements and to select appropriate sources of advice, inputs and so on. This may often also require providing support at higher levels of the commodity chain and the broader service arena (including rural financial and business development services).
- Areas where there is some prospect of linking low-income producers to markets offer the option of support for niche products such as certified organic products. Publicly-funded start-up may be necessary (given that venture capital is often unavailable), but will need to be designed and implemented so as to ensure that collaboration with the private sector is encouraged and not displaced.

### *Enhancing security and reducing vulnerability*

Vulnerability reduction involves increased resilience to livelihood shocks, environmental protection, access to safety nets and better health and nutrition. It also involves setting extension priorities within an awareness of broader threats to rural development stemming from chronic conflict/violence and even systemic collapse. Examples of priorities for enhancing security and reducing vulnerability include:

- In countries threatened by HIV/AIDS an effective role for extension implies strong sensitivity to the changing labour economy and realistic adaptation to declining human resource capacities in extension services.
- The same is true where conflict or natural disasters have disrupted pre-existing labour markets. Extension is frequently pulled in to assist with short-term (or even recurrent) food or cash for work programmes to shore-up the labour economy. There is potential for improving impacts by using extension to better place these interventions in livelihood analyses and development trajectories.
- With regard to vulnerability to floods, landslides, erosion and other hazards, stemming from environmental destruction, increasing population, climate change and settlement patterns, market mechanisms will be of little use in mobilising appropriate technological change. Subsidisation of rural services in general and extension in particular, to promote reduction of these risks will be necessary.
- Technical change in agriculture and advisory services may even have a contribution to make in addressing chronic insecurity. Without tangible improvements in people's livelihoods in poorer regions, the cycles of conflict will only be reinforced. Rural violence can be mitigated through livelihood opportunities for youth and marginalised groups. Despite profound challenges, extension is one of the few tools with which to promote livelihood stabilisation in areas plagued with chronic conflict.
- In general, since extension structures are often drawn into post conflict and post natural disaster rehabilitation efforts, greater systemic efforts should be made to ensure that the potential of linking such programmes to goals of reducing risk and contributing to overall development are achieved.

### *Enabling empowerment*

In all of these areas, the poor will need a stronger stance in dealing with institutions of government and the market if they are to transform production increases into better livelihoods. We return to this issue in detail below. To briefly summarise the relationship between extension and empowerment:

- power is related to knowledge of the market for their products, ability to update that knowledge, and institutions that create a critical mass for negotiation and a choice of production options;
- power is dependent on choice between different livelihood options. Extension has a significant potential role to play in increasing entitlements to the knowledge and resources required to pursue such a broader range of livelihoods;
- extension can deal with some of these factors directly. In others, its role will need to be developed within a broader policy and institutional environment that enhances the power of poor people to exert their demands.

How might a strategy based on these three priorities manifest itself given the spatial preconditions stressed in this study? The following scheme suggests how one might differentiate priorities in high potential and marginal areas respectively.

*In high potential and accessible areas, thriving should be the major focus for both direct and indirect (wage labour) opportunities.* There should be preparedness, however, to support coping strategies when required, as thriving carries with it some increased vulnerabilities. The private sector is dominating the agenda for technological change in accessible areas. The public sector has a relatively limited role, and should emphasise clearly defined public goods, especially as related to health, sanitation, and nutrition. Labour markets should be a major factor in programming, albeit with an acceptance of the fact that government policy can influence but presumably not lead developmental trajectories. There is also a role for the public sector to provide technical back-up to re-establish production after a disaster, where the private sector is overwhelmed, and where capital is in short supply. Possible areas of focus include:

- commercialisation of fruit, vegetable, livestock, and dairy production;
- expanded irrigation;
- labour-saving technologies for household production;
- labour-intensive technologies for large-scale production;
- environmental health interventions;
- improvement of production quality, timeliness, and sanitation.

*Coping strategies will dominate the agenda for many low potential and isolated areas,* although some openings do exist for limited thriving and growth oriented strategies. Whilst there is a great need for investment in extension in these areas, it is doubtful that the public sector will in many cases be able to cover the level of recurrent costs for services that will reach the diverse and scattered populations. It has been noted that there is a global trend for states to abandon areas such as these to non-state actors from the private sector, civil society, and even uncivil society (Duffield, 2000). To suggest that public-sector extension should buck this overall trend is rather over-optimistic. There is, however, a role for public-service institutions to participate in finding synergy between social protection, temporary safety nets and ‘normal’ development. Possible areas of focus in marginal areas include:

- products with high value relative to transport cost;
- diversification of diets;
- subsistence production;
- natural resource and watershed management;
- more effective use of safety nets;
- more effective links with relief and rehabilitation programmes through a focus on risk and vulnerability;
- skills for migration.

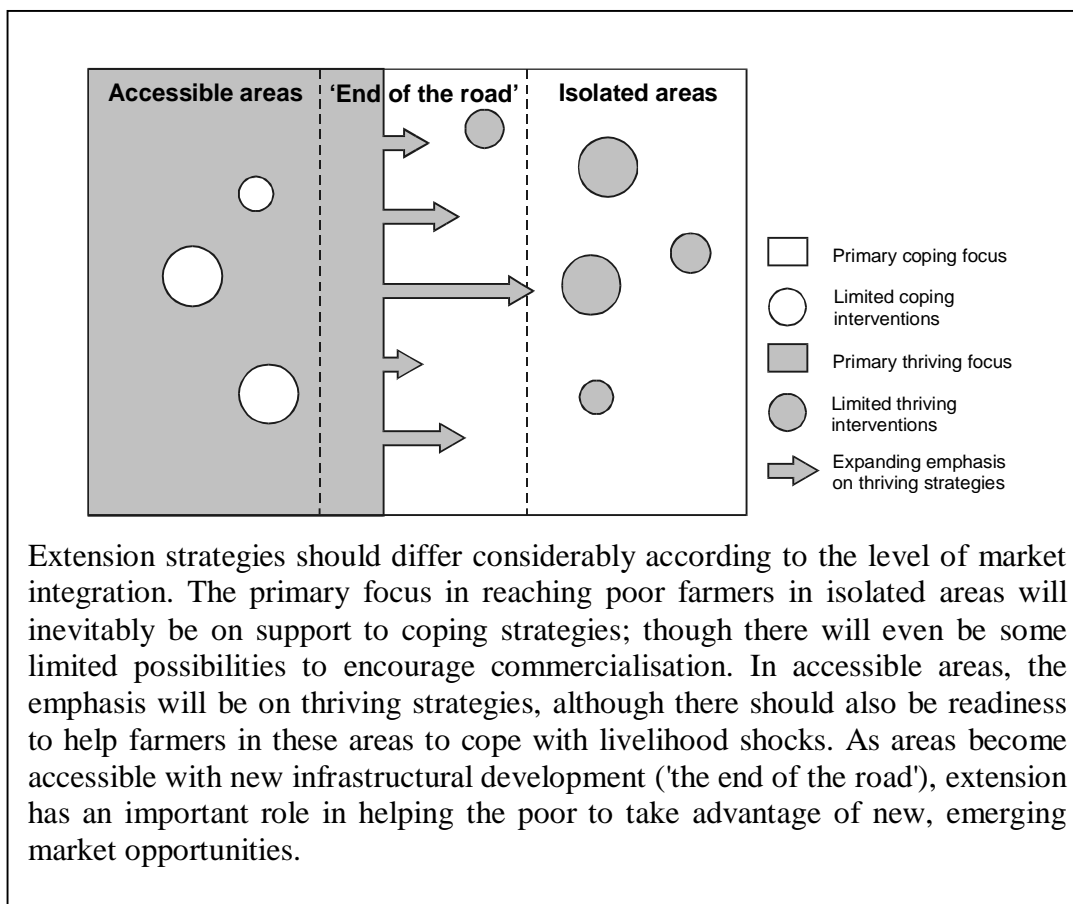
### Box 11 Extension policies for the end of the road

Within the dichotomy between dynamic, high potential growth zones and marginal areas, there is also a third discernible set of targets—‘the end of the road’—where infrastructure is improving, but where market forces are not yet fully established. Roads and other infrastructure create major impacts on technological change, so it is imperative that extension takes this factor explicitly into account. Access creates threats and opportunities. A new road, for example, may:

- accelerate destruction of the forest;
- raise land values and therefore encourage more sustainable land husbandry;
- raise land prices forcing the poor to sell their land;
- encourage investment by large-scale producers that creates employment opportunities;
- encourage investment in capital-investment technologies, displacing the poor;
- open access for low-priced imports to compete with existing production;
- create access to markets for poor producers.

Together, these and other factors create a complex and dynamic mix of pressures on poor people and on agents for technological change. A central challenge for extension is to monitor and adapt to this mix of opportunities and threats. Where infrastructure is expanding, producers are adapting to these new opportunities and threats. In deciding how to most effectively utilise limited public resources, targeting areas where new infrastructure is just opening opportunities for commercialisation and income enhancement would seem an obvious priority.

**Figure 1 Schematic view of extension strategies in relation to degree of market integration**



Drawing on the evidence reviewed, we now suggest how pro-poor extension objectives might be addressed by:

- first, getting agricultural and rural development policy right;
- second, getting the role of the state and other actors right in relation to extension – whether as deliverer or enabler of extension;
- third, identifying the role that donor assistance might most appropriately play.

## 5.2 Getting agriculture and rural development policy right

There is no ‘ideal’ policy: individual countries will have to make choices based on their specific circumstances and on the resource constraints they face. The evidence suggests scope for incorporating pro-poor dimensions through changes in existing policies that may range from the modest to the more radical. Overall themes for pro-poor policy formation are:

- Considering the poor as *producers, labourers and consumers*, and modifying production goals by integrating the new perspectives on poverty that such analysis suggests.
- Focusing the role of the state in providing services to the poor in relation to *market failure and the provision of public goods*: in relation to targeting the provision of services and entitlements to the poor, countries range from those with a long tradition of public sector provision (such as India) to those inclined towards triage (Nicaragua, in some respects). Wherever they are located on this spectrum, some ways of addressing market failure are likely to be more pro-poor than others. Decisions should reflect an explicit awareness of both the dangers that interventions may have negative impacts on the poor and the potential of contributing to the livelihood strategies of the poor.
- *Policies towards pluralism* which re-assess the role of public and private sectors, identify opportunities for partnership, and recognise the plurality of sources – nationally and beyond – from which information relevant to the rural poor can be drawn. Extension policy is not just about policies towards extension agencies, per se. The roles of agricultural extension agencies should be defined within policies that facilitate the involvement of a far broader range of actors involved in ‘livelihood extension’.
- *Consultative processes* to identify what the poor themselves see as priorities, and also the wider possibilities which the poor may not be aware of. This, however, must be moderated by pragmatic acknowledgement of the declining potential for establishing viable village-level extension structures and human resource intensive participatory methodologies that actually reach isolated and marginalised poor communities.
- *Spatial policies* based on awareness of where the poor are located, and what they already (or could) produce with characteristics competitive with what is produced elsewhere. Efforts to reduce the *poverty of place* will require both conventional and non-conventional (e.g. ICTs) infrastructure based on a more profound understanding of the links between urbanisation (especially the role of small district towns), diversification and commercialisation. Investment may be most effective if directed toward concentration of services into ‘one-stop shops’ located in district towns, or a focus on the ‘end of the road’, to deal with the dynamic threats and opportunities experienced by the poor.
- *Trade liberalisation policies* can incorporate poverty perspectives by seeking to balance progress with deregulation of imports on the one hand with some continuing protection for



areas and products relevant to the poorest on the other, especially given the continuing protection in OECD countries.

- *Policies towards urbanisation* to ensure that a network of market towns is not only linked to agricultural input and output markets, but also providing a range of other services and employment opportunities for the poor. The positive and negative effects of temporary and permanent outmigration from isolated areas should be monitored closely in order to ensure mitigation of risks of alienation and marginalisation.
- *Policies giving greater priority to employment generation* in medium/large-scale agriculture – production has long dominated agricultural planning, and needs to be complemented by insights into how employment opportunities can be promoted without unduly negative impacts on productivity.
- *Commodity chain analysis* to identify key points in the chain requiring technical or information support, and to identify appropriate technical and other responses to changing market conditions.
- Assessment of how production-focused policies might better *complement social protection policies*, including those focusing on reduced vulnerability, environmental health, stabilisation of areas of civil unrest, and disaster relief and rehabilitation measures. A concern for mitigating (or at least caution regarding enhancement of) risk should be mainstreamed into rural development policies.
- Support for rejuvenated ‘*community development*’ types of initiative which address poverty from a livelihoods and empowerment perspective and not merely from the individual perspectives of production or protection. These initiatives should be promoted, not just as channels for receipt of extension and related services, but also to empower producers and local organisations to better draw-down the services that they require. Realism is necessary regarding the complexity of such initiatives, as they may require the integrated provision of services across a range of sectors, including health, education, communications and finance, as well as agriculture production- and marketing-oriented services.

### **5.3 Getting the role of the state and other actors right in relation to extension**

As discussion of the issues above has highlighted, the state will need to continue to play a role in relation to extension, though this will vary given the circumstances and will often require a realignment of its relationship with other actors and agencies. Where the state can have a role in the provision of extension, this may vary from being a service deliverer to being an enabler. Clearly the tendency in many situations is for the former role in delivery to be reduced due to resource constraints. Here we consider what roles the state can play as an enabler of best practice in extension approaches and methods to enhance service levels for the benefit of the poor.

#### *Structure and organisation*

Some of the organisational preconditions for the state to function efficiently as a service deliverer have already been the subject of extensive discussion, but bear repeating briefly, not least because efforts to make extension pro-poor will require modification to them. They include:

- appropriate staff performance monitoring systems, appropriate performance criteria and reward structures, and appropriate accountability arrangements – preferably with a degree of

accountability to users of extension services (primarily through financing mechanisms), or their representatives (whether in farmers' organisations or local government);

- appropriate arrangements for capacity building and technical backup among staff;
- adequate operational budgets, especially where travel in remote areas is envisaged.

These conditions are difficult enough to introduce into the public sector under reasonably stable conditions. It becomes even more difficult to do so when poverty reduction is relegated to fads and projects, so that careers and incentives structures for field-level actors are strongly influenced by temporary engagements – a situation which is difficult enough to manage in the contract-culture of post-Thatcherite Britain, let alone in the relatively greater instability of many developing countries.

However, our concern here is somewhat wider – it is with the role of the state as enabler and not merely as provider. Extension policy must transcend a narrow focus on agricultural extension agencies. In this sense, two recognitions, originating at opposite ends of the spectrum, are vital:

- First, where markets function well, a high degree of private provision of advisory services can be anticipated, leaving the state to reduce its role to enabler (either directly, or by funding others) of the provision of public goods. This then frees resources for allocation to weakly integrated areas characterised by a high incidence of poverty and market failure.
- Second, there is growing evidence of the chronic non-sustainability of publicly-provided extension in these poorly integrated areas: it is difficult to keep staff in post and provide them with adequate back-up; fiscal crisis in the state is exacerbating this; and the technical complexities of new production possibilities (see Boxes 11 – 13) demand higher levels of skill and backup than can feasibly be provided.

A major role for the state as enabler will be to empower the rural poor to meet their own technology needs and to make effective demands on providers of extension, inputs, marketing advice, etc. In this context, it might pursue varying combinations of the following six possibilities:

- skills that increase producers' power to negotiate (knowledge of marketing, quality control, certification bureaucracies, etc.);
- infrastructure that increases producers' power to negotiate (storage, processing and other post-harvest technologies);
- organisations and institutions that increase producers' power to negotiate and demand services;
- the existence of more than one person for the poor to negotiate with (i.e., more competition among traders and a more dynamic service economy);
- control of the production process through producer capacity to manage linkages of credit, processing, marketing, quality control and input supply;
- diversification to avoid dependence on one crop/buyer/processing structure/etc.

In response to the second set of conditions above, different approaches have evolved in different contexts: the strong presence of actors outside the public sector in Bolivia permitted the development of an 'intermediate user' approach; other contexts have seen experimentation with para-extensionists, with mechanisms for the reversal of financing flows (such as cost sharing and voucher schemes) and with farmer-to-farmer approaches. Common to all of these is the objective of enhancing farmers' capacity to make demands on the extension system, and to enhance that of the

system to respond. The state is generally weak in the former of these roles and typically has to rely on producer organisations, NGOs and/or external assistance for this.

Overall, while there is a body of evidence on the organisational preconditions for the state to function effectively as a service provider, and some evidence on preconditions for effective performance of enabling roles such as commissioning private service delivery (Gill and Carney, 1999) or encouraging public/private partnerships (Alsop et al., 2000), there are no generalisable models of ‘alternatives to the state’ in extension delivery for areas which are weakly integrated or subject to systemic collapse. At the other end of the spectrum, it is important to note that the capacity of the state to provide basic services in isolated areas is not withering everywhere. In Vietnam, consistent policy direction and a strong state are continuing to channel considerable levels of service provision, together with a rejuvenated quasi non-governmental sector, to the rural poor. Approaches will have to be devised which are specific to particular settings, and this will mean drawing on the principles outlined here, tempered by a sound understanding of local context.

### *Approaches and methods*

In terms of *general orientation*, one of the most fundamental requirements for making extension more relevant to the poor and vulnerable is to move it towards the right-hand column in Table 2 – i.e. towards livelihood approaches and away from simple commodity foci, and to ensure that it embraces not simply the tangible or intangible production-related issues, but also those concerned with institution building. However, this raises a fundamental dilemma, given that these activities require financial resources well beyond the levels that the state can provide, and experience and skills unfamiliar to many state employees. Again, sound understanding of the local context will be necessary before appropriate approaches can be identified.

An equally important aspect of the overall approach is to *enhance the demands of the poor* on the extension system. This may be done in a number of ways:

- Support for local-level formation of farmer groups, cognisant of structural constraints to participation by the poor and the need to base such support in broader extension structures.
- Support for the development of advisory services within producer organisations, other forms of farmer-to-farmer extension services, farmer field schools (Farrington and Thiele, 1998) and initiatives of this kind. . While some level of public finance will in most cases be essential, it is essential that these have some prospect of long-term sustainability beyond donor funding.
- Experimentation with mechanisms for the time-bound and targeted transfer of purchasing power to farm households which they can then spend on the most appropriate source of technical innovation and expertise. Rehabilitation programmes and other safety nets may provide important windows of opportunity for this.
- Support for decentralised systems of administration and local government that encourage responsiveness and accountability of extension services to local people. In some circumstances it may be desirable to make the extension administration formally accountable to local government, or even encourage the tendency of NGOs and farmer organisations to ‘contract in’ public sector extension services.
- Support for para-extension workers to link between formal extension services and fellow-villagers. An additional role of input supply might be added to this (see below). In situations where the public sector finds it chronically difficult to fund a public sector service or, as in parts of India or HIV/AIDS impacted areas of Southern Africa, finds it difficult to keep staff

in post, it may be desirable to encourage para-extensionists to reach into the public sector service one or two levels above the basic VLW level.

- This should have payoff in terms of improved quality of advice, but may require visits to the local town (which will be the equivalent of a district town in many contexts, but may be better conceived as several towns within a district where, as in India, districts are large). However, this may be turned to advantage if the para-extension worker can at the same time perform other errands for the village, such as enquiring about market opportunities and prices, purchasing inputs, or even acquiring medical or other provisions for the village. The provision of improved ICTs within the town could provide an attractive and important aspect of this.
- Where public sector resources are severely constrained, but large numbers of other actors are present (input suppliers, farmers' associations, NGOs or community groups) it may be desirable to attempt local adaptations of the successful Bolivia intermediate user model, in which government committed itself to serve only intermediate organisations which in turn would adapt and convey extension advice to their client groups.

In some cases, advisory services for small farmers can *conveniently be associated with input supply, processing or marketing services*. Common examples of this are found in veterinary services, where farmers are willing to pay for tangible and essential inputs such as vaccinations, and the incremental cost of adding more general advice about animal husbandry or nutrition is minimal. Numerous examples of this are found involving NGOs and paravets in South Asia (Farrington and Lewis, 1993) and among commercial veterinarians in East Africa. In Uganda a number of agencies are seeking to support the nesting of advisory services within a network of stockists and suppliers. Commercial input suppliers are known to be major sources of information for small farmers, but the prospects of building on this are more limited than in the case of veterinary services, and they would probably be inappropriate for the provision of 'public good' information on, for instance, environmental or health issues. There are, however, a growing number of examples of commercial companies entering public-private partnerships and supporting IPM farmer field schools in order to maintain market share. To build on commercial firms, producer organisations and NGOs involved in the processing or marketing of new products (or the exploration of new markets for existing products) may offer good prospects, as shown in the Nicaragua examples, especially given their interest in securing a regular supply of produce which meets quality and other criteria. Reborn cooperative societies, as in Vietnam and some parts of Uganda, may play similar roles, particularly where the private sector is weak. In a slightly different vein, it may be possible for government to support the provision of extension for small, mixed farmers who also grow major commodities such as coffee (see Annex 4 on Colombia) by funding an add-on to the commodity extension service.

**Table 3 Structure and organisation of extension**

	<b>'Pure' Public Sector model</b>	<b>Collaborative model</b>	<b>Contracting model</b>	<b>Private sector models</b>
<b>Planning, management and funding</b>	By public sector	Government and other agencies (producers' organisations; service-providing NGOs; private contractors) jointly responsible for agreeing priorities, modes of operation etc. Funding generally from government	Generally by government (though (b) may be evidence of breakdown in government's capacity to plan and manage).	Include: <ul style="list-style-type: none"> <li>• commodity-based</li> <li>• area-based (e.g. for an irrigation scheme)</li> <li>• farmer-to-farmer</li> </ul> Private funding is a dominant characteristic
<b>Implementation</b>	By a public service	Agreed division of responsibilities for implementation	(a) government contracts private organisations and individuals in to implement extension to agreed specifications; (b) government staff contracted in or part-funded by private agencies	Generally by private (for-profit or non-profit) organisations

### *Fitting the approach with the content and objectives of extension*

Many of the above suggestions involve 'private' goods and services in the sense that the benefits from them are appropriable by the private sector. Our inception report (Christoplos, Farrington and Kidd, 2001) highlighted a number of aspects of agriculture offering windows of opportunity for pro-poor policies and extension where private interest dominates (particularly bee products, organic produce, livestock). Higher value and lower transport costs are cited as reasons why the poor, with a capacity for small-scale diversification, should experiment with new and potentially lucrative markets. Case studies of beekeeping and organic produce in Uganda (see Box 11) have highlighted how strengthened sector and sub-sector analysis have helped to link the strengths of endogenous production systems with the opportunities offered by globalisation. A case study of livestock in Nicaragua (see Box 12) also shows how private-led development may have pro-poor consequences, but illustrates also the dilemmas faced by the state as regulator, in relation to health and environmental issues. Where policy analysis is weak, agricultural and extension policy can have profoundly negative consequences. For example, the dramatic expansion in coffee production in Vietnam made a significant contribution to oversupplying the world market and reducing the coffee price, thereby increasing the vulnerability of many coffee farmers, both in Vietnam and in other countries around the world.

### **Box 11 Prospects for some pro-poor niche enterprises in Uganda: Bee products and organic produce**

Like many agriculture-based economies, Uganda is struggling to move beyond reliance on traditional exports crops. There are some interesting initiatives in this regard in high- (cut flowers, vegetables, dried fruit) and low-value (maize and beans) products, though few are explicitly addressing sub-sector growth with clear poverty reduction objectives. Transaction costs related to poor transportation, infrastructure and communication remain a challenge to the development of any export niche product in Uganda. Problems of accessibility add to the costs and the premiums secured by the niche must make it worthwhile. Enterprises are likely to be more durable if demand is stable and if the comparative advantage is maintainable (i.e. it is not worthwhile establishing an enterprise that could be just as easily be done to the same level of consumer satisfaction closer to market access).

Beekeeping is an interesting example of the possibilities and challenges of developing a niche product that benefits the poor. Given that beekeeping requires no land, beekeepers (or those then trained as beekeepers) tend to be less vulnerable if displaced. There have been some training programmes to take advantage of this aspect among refugees, displaced people and on pastoralist settlement schemes in Uganda. Siting of hives is becoming part of co-management agreements in national parks and border zones so as to reduce the vulnerability and increase opportunities of local people. Exploiting these benefits, however, will not be easy. The high local price for honey in Uganda, compared to the world market prices, has meant that there is limited scope for exploiting benefits of globalisation. Organic honey seems to have better potential. The sub-sector is in great need of market analysis, but support to its development mirrors the rather unfortunately malaise of many beekeeping initiatives in sub-Saharan Africa. The present quality of processed honey in Uganda is very low for various reasons. Beeswax is an under-utilised resource given the various potential uses in the local and international economies. In the region, Tanzania has been able to secure a good market in beeswax. Only very limited amounts of beeswax are exported at present to neighbouring countries. There may, therefore, be potential for developing local, regional and global markets for beeswax from Uganda, raising further the incomes of beekeeping households.

The development of organic produce exports from Uganda show some interesting features of links between globalisation and poverty reduction that build on the strengths of the poor in agrarian societies. Though the market share remains small in Uganda at present (about two to 6% of any specific commodity), there is clear growth potential. There will be an increasing need for extension in the development of resilient production systems that are profitable and remain capable of being certified as being in balance and environmentally sound. Government, however, has as yet no policy or perspective on the issue.

There have been a couple of interesting programmes to develop organic exports in Uganda, whereby farmers from often poorer areas are able to secure financial gain from an organic premium (averaging 15–30%; the organic premium alone converted into about US\$50 extra per household on average from a single commodity in a single season). These producers are ‘passively organic’ and do little other than sign an agreement committing themselves to following organic practices prior to the growing season. Though this is a contract of sorts, they are free to sell to whomever they wish at harvest. Market liberalisation means that the organic exporter must compete on price with conventional buyers. Unlike conventional buyers, the organic exporter must ‘capture the crop’ in order to recoup investment. This requires that the organic exporter must price the conventional buyers out of the market in the area where producers have been contracted. The conventional buyer can move to the next parish, but not the organic exporter. This interesting interaction of regulatory (certification of certain farmers in a specified area) and free market mechanisms pushes up the price in favour of the producer.

There seem to be some interesting lessons in this about ways in which donor financing was used to address market failure and enable the sub-sector to develop. Exporters did not tend to have an easy ride, their financial survival being dependent on donor subsidies. Financing was targeted at reducing the risk of market entry (such as covering some early though reducing costs of certification, developing initial market linkages) without getting caught in subsidising basic costs that exporters normal face anyway (such as crop finance, transport), though there were exceptions.

### **Box 12 The emerging market for livestock in Central America**

Beef has traditionally been one of Nicaragua's main exports. Extensive production dominates, primarily in the agricultural frontier. Particularly during the period of 1960–90, vast areas of land were cleared, first for staple production, and then for cattle. Generalisations are difficult, but a cycle of development can be discerned whereby the agricultural frontier has been initially colonised by small-farmers producing staples, followed by a deterioration of soil quality. Since poor producers lack capital to convert their production to livestock, land holdings have shifted to large-scale cattle ranchers (Maldidier and Marchetti, 1996). In the older agricultural frontier, this has in many cases stabilised in a somewhat extensive but generally environmentally sustainable production system, combining dairy and meat. In the newer areas, there is an apparent shift from very extensive systems to near abandonment. Poor infrastructure and lack of capital have reduced beef production. There are vast areas of poor quality pasture with few or no animals. These areas are some of the poorest in the country. If livestock development could be revived, this would seemingly be an entry point for improving the livelihoods of the poor, even if this would be indirect via the creation of employment, due to the current concentration of land ownership.

Most cattle ranchers combine milk and meat production, using milk to cover running costs and the sale of meat to generate profit. Since smaller producers require relatively regular income, they concentrate more on milk production. Larger milk producers employ a significant amount of wage labour, thereby also having positive effects of poverty alleviation (Fernandez and Scoffield, 2001). Infrastructure and access to dairy markets determine the relative balance between the milk and meat. Labour intensive milk production is more attractive in the relatively accessible areas. Where new roads are constructed there is often a consequent increase in milk production, together with a general shift to more intensive production methods. Without infrastructure, there is little motivation for intensification and dairy production. Assumptions that industrial milk processing will overwhelm local and small-scale processing have thus far proven unfounded. Industrial production has stagnated at 20%, and is concentrated in the most accessible areas. At the same time, small-scale dairy production and traditional cheese manufacture has expanded rapidly, now accumulating 60% of national milk production (Cajina et al., 2000). Cheese is generally produced in areas with moderately poor infrastructure. If the infrastructure is very good, cheese producers must compete with industrial purchasers. If it is too poor, transport costs become too high. This implies that efforts to link extension to systems of collection and processing would be most effective if linked to these small 'semi-isolated' units, particularly as targeted to poor producers.

The major outlet for milk and cheese in the North has been the Salvadoran market, where milk prices are on an average 70% higher than in Nicaragua. The price paid for milk by the Salvadoran traders is somewhat lower than for industrial purchasers, but the quality demands are much lower also, making this market more attractive for the poor (Lorío, 2001). There were fears that this market would shrink in 1999 after El Salvador imposed a ban on imports of (unpasteurised) products from uncertified plants, but since then the trade has continued unabated on an illegal basis, still handled primarily by Salvadoran traders.

This raises significant ethical questions regarding extension strategy, especially for poor producers who have least potential to establish competitive and viable systems to pasteurise their milk. Should an investment be made in strengthening a 'black market', even if it is undoubtedly an attractive market for the poor? If the market does not demand quality control, should extension priorities weigh the health concerns of importing and domestic consumers against the well-being of poor exporting producers?

Given the policy vacuum and the externally controlled regulatory framework, the benefits derived from this nascent sub-sector are vulnerable at present. The situation may well become more serious in the coming years, with the likelihood of tightening EU regulations acting against the interest of developing countries, particularly with regard to the acceptability of group certification and the length of conversion period. This may well require robust action by member states and lobbying by organic exporting countries in order to address the issue in favour of a reasonable settlement for poorer countries without comprising the interest of consumers.

### **Box 13 Extension in the negotiation of public and private interests: The case of watershed management**

Watershed management and related interventions to improve land husbandry on sloping land have been justified on environmental concerns, to stabilise the growth and the aftermath of the destruction at the agricultural frontier and overexploited common property regimes, and to intensify resource use in order to reduce pressures for further expansion into areas judged inappropriate for agriculture (e.g., forest, fragile soils, etc.). These projects are also promoted as ways to reduce risks of disasters (especially landslides) and as windows for safety nets (food/cash for work). Perhaps due to explicit links to vulnerability reduction, watershed management has even proven to be a good entry point for bringing out links between water, health, livestock and agriculture. Given the public goods nature of these objectives, it is increasingly accepted that reliance on market forces to promote watershed management is not sufficient.

In Nicaragua, watershed management projects have been criticised as not justifiable in economic terms due to the need for intensive extension investment and subsidies. Technical extension staff are often sceptical of such schemes, seeing them as exceedingly staff intensive and expensive, relying on very high levels of donor funding and technical support. The level of human resources required for establishing the institutional structures and dealing with the local conflicts that underpin watershed management are seen as being far beyond what can be managed. These projects are thus seen as being playgrounds for donors and NGOs, rather than a viable role for an extension service.

Within watershed management, farmer-to-farmer approaches are often seen as vehicles to develop and promote alternatives to conventional agriculture. Even with these schemes, however, critics point out that rhetoric about farmers helping one another may hide a considerable level of donor funded investment in extension staff and logistics. If these approaches are to become mainstream alternatives to conventional extension programmes it will be essential that they become subject to the same scrutiny as other types of efforts. That said, the cost of farmer-to-farmer approaches may be justified based on the reduced levels of environmental destruction. This comparison of costs and benefits will need to be made in a transparent manner with an acknowledgement that environmental protection has an intrinsic value that may justify a significant level of subsidisation.

Microwatershed management has generated rather different results in India. The aggregate value of investments across all sources (central and state governments, donors) in watershed management in India is around US\$500 million/year, with only minor donor contributions. The various programmes focus principally on microwatersheds of some 1,500 ha on average in semi-arid areas. They seek to enhance the quality and quantity of vegetation on upper slopes which, together with soil and water conservation measures, is intended to enhance percolation of rainwater into the soil and raise underground water tables. Benefits are anticipated from increased biomass on the upper slopes (fodder and forest products) and increased cropping intensity (and more reliable crop production) in the lower slopes. Funding for these initiatives is decentralised to sub-district level, and village assemblies are mandated to steer the overall design of rehabilitation and sequence of priorities, and to monitor works and expenditure against agreed schedules. The design and management of rehabilitation and of the subsequent utilisation of the new assets requires a high degree of social cohesion within the watershed to agree (and enforce agreements) on, for instance, the types of crops to be grown (heavy water consumers such as rice and sugarcane are generally rejected), the regulation of grazing by livestock, and the prohibition of sinking deep tubewells. In practice, full agreement in issues of this kind is rarely achieved, and elites tend to press through their own priorities, often to the disadvantage of the poor. Processes have been more equitable where NGOs and community-based organisations have worked in support of the poor. Newly available water in rehabilitated areas offers major opportunities for new crops, many of which will be unfamiliar to farmers. This represents a major opportunity for extension, and some success has been achieved in contracting in private extension agents to advise not only on these, but also on wider matters of soil and water conservation. However, publicly funded/publicly delivered research and extension services have been slow to respond to these newly-emerging opportunities, not least because near 100% core funding makes it unnecessary for them to seek new work of this kind.



The prospect of engaging with farmers over public goods is more problematic. In well-integrated areas it may be possible to apply the neoliberal prescription of public funding for private delivery – as, for instance in applying regulatory frameworks to health and safety issues. However, in poorly integrated areas many public goods (and ‘bads’) are associated with management of the commons such as forest, water resources and grazing land. Regulations to enable positive effects and minimise negatives are easy enough to formulate, but extremely difficult to enforce. Evidence is appearing that local authorities in East Africa are using licensing fees and related regulatory mechanisms for substantial income generation, thereby discouraging investment, particularly in market agriculture (Ellis, 2000). One widely-promoted option for improved regulation and management is the participation of resource-users themselves in the design and implementation of management plans, such as Joint Forest Management. Another, linking the commons with private agricultural land management and offering substantial scope for the introduction of new technology, is micro-watershed management (see Box 13), which has shown some success in India but has proved less dynamic elsewhere (as in Nicaragua). The basic process of the more noteworthy approaches is political: access to and use of resources must be defined through a negotiated process among various stakeholders based on the mix of public and private interests. External support may be needed to guide such processes

## 5.4 Options for donor support

There has been a tendency for donors supporting advisory services to polarise into two broad categories depending on their general policy orientation: those more market-oriented and those more poverty-oriented. We suggest that this is a false dichotomy stemming from historical and political trends that have separated these policy narratives. Our findings highlight clear scope for market mechanisms to contribute to poverty reduction. The challenge is not one of choosing between poverty and the market, but rather of identifying and prioritising efforts in light of the opportunities and limits that the market presents. Of particular importance is the need for nuanced policies for those areas that will remain marginalised from the market opportunities and their relations to growth centres. Initiatives such as Poverty Reduction Strategy Papers may provide a basis for this linking of the narratives of poverty alleviation and the market, particularly if they are embedded in national and regional policy processes. We have tried in this study to explore this middle ground as a basis for identifying greater convergence among donors’ views on the role of extension in rural development, and among mechanisms for supporting such roles.

Table 4 summarises the options for governments with different capacities and levels of commitment to poverty alleviation, and indicates where donors might most appropriately engage. A number of general observations can be made:

- there is considerable scope for major donor investment in different aspects of infrastructure that can support pro-poor technological change. Appropriate balances must be sought among different kinds of infrastructure – especially in relation to the role that innovative infrastructure such as ICTs can play – according to local conditions;
- there is substantial scope for capacity building in aspects of policy analysis, particularly as related to the impacts of globalisation, emerging sectors, labour economies and the spatial nature of poverty, and in the organisation and management of extension services;
- addressing capacity issues at decentralised levels, among local governments, producer organisations and NGOs, may well benefit from donor support, particularly as related to better integrating district level extension services to the changing roles of other actors;
- there is some role for donors to experiment with new approaches in projects on the ground, but these must be designed in such a way that government or other regional/national players

can easily scale them up or otherwise integrate the lessons learned in viable institutional forms that do not rely on donor assistance;

- there is scope for donors to coordinate in incorporating appropriate agricultural and rural development policy into PRSPs and SWAPs, and to agree areas of funding among themselves. It is here where a new vision of extension's relation to the poor as producers, labourer and consumers may best be anchored. Support to broad consultative mechanisms in the elaboration of PRSPs and SWAPs can often be a relatively cost-effective mechanism for promoting change and the local ownership of change;
- there is also scope for them to establish greater coherence in rural development policy by build developing country capacity in negotiating international trade agreements to favour their own agriculture, and to pressure northern blocs (such as the EU) to reduce protectionism.

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**Table 4 Varying strategies for support to pro-poor extension by government and donors according to market conditions and government capacities and commitment**

<b>Market conditions</b>		
	<i>Areas highly integrated into markets</i>	<i>Areas weakly integrated into markets</i>
<b>Government adequately resourced and responsive to needs of poor</b>	<p>i. Move fully privatised model of extension, limiting public involvement to facilitating and regulatory functions</p> <p>ii. State regulation and/or funding (but not delivery) needed for public goods (health, safety, environment), and addressing remaining aspects of market failure, including rehabilitation after natural disasters</p> <p>iii. Finance gaps in advisory services, particularly in making shifts from extension on production to production-context, and service agency start-ups in business development services, links to commercialisation and processing structures, intermediary organisations, innovative arrangements to address inclusion of poor as producers or labourers.</p> <p>iv. Finance start-ups (addressing initially high transaction costs) in niche enterprises, emerging sectors, capturing higher value links in commodity chains.</p>	<p>a) Substantial public funding generally justified, and possibly some public delivery, but</p> <p>b) Promote various co-operative institutional arrangements, such as public/private (commercial and non-profit) partnerships, and</p> <p>c) Promote innovative communication technologies (ICTs) to reduce information gaps in more remote areas</p> <p>d) Aim to raise labour productivity (including in staples) and so release some labour for out-migration</p> <p>e) Production advice on improved technologies will remain a mid-term focus, together with advice on wider livelihood context (though neither at the expense of exploring possibilities for raising relevance and use of advice on production context)</p> <p>f) Aim to reduce vulnerability in existing enterprises, and/or promote new (niche) enterprises with low vulnerability, plus wider safety nets (crop insurance; pensions)</p> <p>g) Coordinate planning at national and local levels to allow remote areas to link into commodity chains in ways reflecting their competitive advantage</p> <p>h) Support civil society organisations to make demands on public sector</p> <p>i) Target areas made accessible by new infrastructure to ensure that poor farmers can take advantage of new opportunities</p> <p>j) In general, keep the focus of extension broad, to embrace the wider production and livelihood contexts</p>
	<p><i>Donor support for the above could include:</i></p> <ol style="list-style-type: none"> <li>1. Action at home and in the international arena to address northern protectionism.</li> <li>2. Efforts to strengthen developing country negotiating capacity in international negotiations concerning agriculture-relevant trade and regulation</li> <li>3. Support to negotiations on regional free trade, transaction costs, cross-border trade and tariffs, addressing hindrances to private investment</li> <li>4. Facilitate negotiations of benefits from extension (public, private) among stakeholders to leverage cost participation and develop co-operative institutional arrangements</li> <li>5. Ground-testing of innovative models and approaches in (b) – (i) of potential relevance and interest to developing country 'stakeholders'; strengthening of the capacity to assess these and to integrate them into policy processes</li> <li>6. Assistance to governments for stronger fiscal management and planning of support to the agricultural sector, via e.g. SWAPs and PRSPs to incorporate the voices of the poor and views of local government</li> <li>7. Promotion of higher value links in commodity chains, and assistance in addressing information/skill needs of associated agents (i.e. not only producers)</li> <li>8. Support for major infrastructure projects, including transport and communication</li> <li>9. Support for capacity building among levels of government and other agencies (particularly producer and trading organisations), and for acquisition of functional literacy and numeracy among poor people, especially in the more remote areas</li> </ol>	

<b>Government adequately resourced but unresponsive to needs of poor</b>	Government policy should move towards (i) and (ii) above, but likely to be characterised by top-down service provision by government, and reluctance to give up government's 'traditional' role. May also be characterised by tension between unresponsive centre and more progressive local government	Government policy should move towards (b) – (i), but top-down service provision likely to dominate, and to be characterised by gaps, irrelevancies and non-sustainability in remote areas. Likely to be very limited work in partnership with other types of organisation.
	<p><i>Donor support for the above may include:</i></p> <p><i>10. Capacity building, development of appropriate models, and other support for moves towards (i) and (ii) and (b) – (i), including support for producer and trading organisations and other civil society organisations to make demands on the state.</i></p> <p><i>11. Some aid conditionality to help in moving governments in these directions.</i></p> <p><i>12. Support for moves towards decentralisation and capacity building of local governments where responsiveness to poor may be greater</i></p> <p><i>13. In cases of extreme reluctance, it may be necessary to pilot alternative approaches which bypass or rely only minimally on the state apparatus.</i></p>	
<b>Government poorly resourced</b>	<p>Responsive governments will aim to move towards (i) – (ii) and (b) – (i), but will be severely resource constrained, and will have to rely on partnership arrangements, or possibly limit themselves to providing information to 'Intermediate Users' as in the Bolivia model. Less responsive governments will largely neglect the more remote areas, imposing a <i>de facto</i> triage, partly on the premise that outmigration of labour is the best strategy. This may lead to 'durable disorder' as alienation and chronic violence take hold in the hinterlands.</p>	
	<p><i>Donors can support the more responsive governments in moving towards (i) – (ii) and (b) – (i), but may have to provide budgetary support where resources are severely lacking. They can also usefully support regionalisation of initiatives with other similarly-placed countries. With the less responsive governments, they may pursue elements of (10) – (13), but may provide complementary support for appropriate rates and types of outmigration, especially where continuing lack of financial and other resources in the public sector is likely to undermine the sustainability of agricultural and extension support to poor people in difficult areas. In decentralised contexts, cooperation with local government in poorer areas will be essential to address de facto triage. Emphasis should be placed on broad reassessment of different safety nets (either government or aid funded) to ensure coherence among different efforts. Greater attention should be paid to finding synergy between social funds, rehabilitation programmes, etc., and ongoing development programming with a focus on risk mitigation.</i></p>	

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## Annex 1 Pro-poor Policy Responses to Globalisation

A number of policy responses can be identified:<sup>16</sup>

- where access to productive resources can be made reasonably equitable, the priority is to gear policies to broad-based growth, which has been shown to contribute strongly to poverty reduction. Agriculture policies have to seek appropriate balance between areas well- and poorly-integrated with markets, though the question of how public resources (including resources for extension) should be allocated between them is complex and we return to it below);
- institutional environments are often weak, with unpredictable policy environments characterised by rent-seeking and lack of protection for private investors. These weaknesses have to be addressed;
- the role of the state in agricultural marketing has been ‘rolled back’ too far: the private sector has not responded adequately, especially in SSA. If small farmers are to have any prospect of sharing the benefits of globalisation, new institutional arrangements will have to be introduced, including, for instance, farmer/trader relations and non-competitive structures in which the state acquires a more active role, without return to the old inefficiencies;
- massive investment in rural infrastructure is in many cases essential;
- the introduction by some developing countries of a modest level of protection and subsidy on their agricultural sector may be justified, to raise the incentives to increase production in their own hinterlands. This would in part redress the long-term net taxation of agriculture. The funding of extension for all but the most commercial and well-integrated farming should be viewed in this light;
- the regulation of location and product standards imposed by supermarkets may be required in some settings;
- developing countries may require support in reaching regional agreement on negotiating positions in international forums, and in conducting negotiations geared towards their interests.

Overall, policy may well have to provide some support for small-scale farming, but without inhibiting larger farmers' ability to compete in international markets. There may be synergy, as investment in processing and transport infrastructure will rarely be profitable with small producers alone, but where targeted support may enable poor producers to take advantage of facilities that would otherwise only serve large producers. The potential employment creation capacity of larger-scale farming needs to be highlighted in rural development policy and strategies identified for its enhancement. Where small-scale farming is becoming relatively inefficient, it may be supported for some time to prevent the spread of poverty, but support must focus on system transformation and avoid perpetuating stagnation and inefficiency. Or, where people are leaving the land, policy must ensure that there are minimal impediments to farm merger, which may have positive productivity and environmental effects.

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<sup>16</sup> We are indebted to Kydd et al. (2000) for some of these.

## Annex 2 Policies Towards Agriculture and Extension in Bolivia

Bolivia has three main ecological regions: the high plateau (*altiplano*), the Inter-Andean valleys and the tropical and subtropical lowlands – the last occupying some two-thirds of the country's land area. The total population of some 8 million, growing at 2.2% p.a.) is concentrated in the *altiplano* and valleys, and in urban areas (over 60% urban in 1999 against 40% in 1976). Poverty overall is higher than in other S American countries (66% below one dollar/day in 1996) and can reach 90% in some rural areas, especially the *altiplano*, with outmigration to urban areas and to the lowlands widely seen as an escape route from poverty. Social indicators are also weak, and agricultural productivity is among the lowest in the sub-continent.

At least 10 different types of land-use system are recognised, ranging from forest users through smallholder farming in lowlands, valleys and *altiplano*, to large-scale ranching and mechanised farming in the lowlands. Over 40 indigenous groups still use their own language, traditions and culture, and these are reflected to some degree in farming systems, some having developed, for instance, complex systems of integration across different altitude levels.

Agriculture accounts for 15% of GDP, but nearly 35% of exports, mainly soya beans, cotton, sugar and coffee, largely in unprocessed form.

The main agricultural policy objectives include:

- the promotion of competitiveness in international markets (though the fact that Bolivia is landlocked denies it competitive advantage for most products);
- the substitution of *coca* plantings as part of international drug control efforts;
- the achievement of food security (import of wheat and dairy products are high);
- the promotion of sustainable farming practices, especially in the highly eroded *altiplano* and valleys, and among degraded pasture areas in the lowlands;
- the creation of better opportunities for disadvantaged groups (indigenous groups, women, other rural poor), using agriculture also as a vehicle for greater participation and social inclusion.

Wider development strategy is based on the four pillars of opportunity, equity, dignity (especially the fight against cocaine production) and appropriate institutions (decentralisation and popular participation). Rural development is deemed to fall under the equity pillar, and under the CDF efforts have been made towards donor coordination in this area, and towards accessing some of the US\$1.3 billion estimated to be available under HIPC II for poverty reduction initiatives.

The 1994 Popular Participation Law (PPL) has been the major effort to re-design institutions to facilitate popular participation. It provided for the election of 314 municipal councils and mayors, and allocated to them the prioritisation of local level public investment and corresponding service delivery. It further strengthened local democracy by legally recognising grass roots organisations and traditional authorities, and established local surveillance committees to oversee the allocation of budgets and the implementation of works. The PPL has witnessed major shifts in patterns of public expenditure, from central to municipal (now 25% of public investment against almost zero pre-1994) and from urban to rural (the latter having risen from 8% in 1994 to 60% in 1999). The PPL envisages the expenditure of some 90% of municipal budgets on public investment, and in the first four years, most funds were allocated to the repair or construction of basic infrastructure, with slightly higher allocation to productive infrastructure (such as small-scale irrigation, grain storage



facilities, slaughterhouses etc). Expenditure on the provision of services to agriculture, such as extension, remains rare.

During much of the 1950s and 1960s, and with substantial donor funding, semi-autonomous research institutes also provided extension services, and, these went beyond the immediate production context to provide support also to the formation of farmers' organisations, and farm planning. From the mid-1970s, this was replaced by a central institute model for all areas except Santa Cruz, which had its own research institute – both were complemented by their own extension services. However, these fully 'public sector funded and implemented' models proved financially unsustainable, and extension services had been drastically cut by the late 1980s. Current plans for reforming extension in all areas other than Santa Cruz are to create four Foundations for the Development of Agricultural Technology (FDTAs), one for each of the main agro-ecological zones, with funding from the Inter-American Development Bank. These will rely largely on demand-driven extension models based on Local Agricultural Research Committees (CIALs, which were pioneered by the International Centre for Tropical Agriculture (CIAT) in Colombia and adapted by the Swiss-supported potato research institute in Bolivia (PROINPA – see Annex 2). CIALs typically conduct on-farm trials, evaluate the results, undertake cross-learning tours, and undertake a wide range of information exchange and capacity building activities.

The FDTAs will operate as private entities, and together with other national and international private organisations will co-finance research projects, experimental trials and the transfer and delivery of technology, much of this in the context of commodity chains. In this way it is believed the link between the demand and supply of technology will be strengthened and will become directly accountable to producers and their organisations.

Funding by the FDTAs will be determined on competitive grounds and will be used to:

- finance the provision of technology transfer services by private enterprise, NGOs, and technical experts to producers;
- co-finance training for technical personnel to provide assistance to producers;
- promote and develop appropriate and effective systems of rural communication.

A somewhat different model was pursued in Santa Cruz, where the provincial Development Corporation for many years had the advantage of revenue from natural gas exploitation and so was able to fund a provincial research institute – the Research Centre for Tropical Agriculture (with the same acronym – CIAT – as the international centre in Colombia, but wholly unrelated), which received UK technical support for almost 3 decades. Also characteristic of Santa Cruz was a strong presence of commercial farming, with strong commodity-based farmers' organisations, which provided broad extension services to their members, across technical, financial and marketing spheres. Extension services for small-scale mixed farming had been provided from CIAT and from the Development Corporation, but long distances, sparsely settled populations and poor communications impeded the functioning of such a service, as well as adding to its cost. This led to its replacement in the late 1980s by an 'intermediate user' model (again with UK technical support), in which a small extension office attached to CIAT interacted closely with a range of intermediaries (NGOs, producers' organisations, agricultural input suppliers, and a wide range of community-based organisations) to provide them with the kinds of information they saw as relevant to their clients or members (Farrington and Thiele, 1998).

With the implementation of the Popular Participation Law, CIAT has attempted to form links with (to date) three municipalities in Santa Cruz province, all of which now have a responsibility for agricultural development. This interaction has involved broad 'scoping' studies based on PRA

which seek to identify research priorities, followed by farmer participation in the design, implementation, evaluation and dissemination from field trials along CIAL lines. Whilst it has achieved some limited-scale successes, this approach faces a number of obstacles:

- a tendency for the municipalities to focus expenditure on easily administered, highly visible and therefore politically rewarding schemes (largely involving physical infrastructure) so that the funds they allocate to the productive sectors, including agriculture, and to less visible services (such as extension) continue to be low;
- a limit of 15% of municipalities' funds allocable to operating costs, which militates against extension;
- lack of awareness among elected representatives of the productivity gains that can be made in agriculture and of the contribution to poverty reduction that can be made by well-targeted extension.

The medium-term prospects for improvement in these conditions appear poor, and municipalities may at best be able to play little more than a coordinating function for agricultural development among the various agencies (NGOs, community-based, private sector, governmental) within their domains. Agriculture-related activities play a major role in the livelihoods of low-income households, and so the low priority accorded to it by elected representatives appears paradoxical. Whether this will improve as local government becomes more fully established and electoral agendas mature over time, or whether politicians' inclinations will remain dominated by short-term search for popularity (and, in some cases, economic rent) through highly visible and easily administered infrastructure projects must remain an open question for the present.

### **Annex 3 Policies Towards Agriculture and Extension in Colombia**

Violence is a key constraint to development in Colombia. Despite a period of strong economic growth between 1993–6, Colombia's economy has recently deteriorated significantly. According to SIPRI (Stockholm International Peace Research Institute), the internal situation in Colombia is one of the 10 most violent in the world. Peace talks with the guerrillas have been suspended indefinitely. The contribution of agriculture to GDP declined from 22% in 1979 to 12% in 1999. Levels of extreme poverty have increased to 20% in 1998, rising steadily in rural areas, reversing gains made during 1980s. The poorest sections of the population have been affected more, particularly women and young people, leading to a widening of the gap between rich and poor. For the period 2000–2, the World Bank has committed US\$1.4 billion to a programme expected to contribute US\$4.2 billion to help ease the social and economic impacts of recession in Colombia.

The main challenges faced by policy include:

- a highly fractured topography, with 3 mountain chains in the west, making transport and communications exceptionally difficult;
- a deeply embedded and growing narcotics industry, generating some US\$5 billion/year, creating no-go areas and contributing to a culture of kidnapping and violence;
- rapid (and, for some, unsustainable) rates of rural-urban migration;
- the vulnerability of the economy to world economic shocks in a few commodities – coffee being principal among them.

The impulse to modernise agricultural policy in Colombia can be seen as part of a broader development strategy aimed at reducing poverty, rooted in principles of competition, decentralisation and participation. In particular, this has led to a re-definition of the role of the Colombian State and civil society.

As with Bolivia, the Colombian experience with a fully state-funded, state-provided research and extension services (under the Instituto Colombiano Agropecuario – ICA) until the late 1980s was unsatisfactory in terms of both productivity and financial sustainability. This has been replaced by a neo-liberal approach embracing a multiplicity of research and extension organisations, with funds allocated largely on a competitive basis, and with the state playing a facilitating and regulating role. The Ministry of Agriculture and Rural Development provides policy guidelines, provides some funding, and monitors performance. It delegates such matters as sanitary controls and patenting to a newly-constituted ICA, and is supported by a National System of Science and Agro-Industrial Technology which serves as a forum for identifying options and priorities in agricultural research and extension.

All research and extension currently falls under the National System for Agricultural Technology Transfer (SINTAP), which coordinates the range of organisations working in policy, funding, research and extension dimensions. SINTAP was created on the underlying principles that agricultural technology development and dissemination should be built on a system which is multi-institutional and inclusive (especially promoting public-private collaboration and including representation of users' organisations), and providing free services to the municipalities. A national council on which the regional secretariats – part of the decentralised system of public administration and local government in Colombia – are represented coordinates it.

Agricultural research is conducted by a range of organisations, including private commodity-oriented centres supported by levies on production. CORPOICA is a large, semi-private institute which conducts research for the export sector within the context of complex commodity chains. It also develops technologies for small farmers on products oriented towards domestic markets, such as potatoes.

With its constitutional reform in 1991, Colombia was one of the first Latin American countries to promote political and administrative decentralisation. Agricultural extension was part of this process, the Agricultural Development Law of 1993 requiring all municipalities to establish UMATAS (Municipal Units for Technical Assistance in Agriculture), and over 95% of the 1060 municipalities now have an agricultural or veterinary extension officer working with them. The municipalities are required to spend at least 5% of their general budget on the UMATAS, and some additional central support is provided to the poorer municipalities to support UMATAS. A Rural Municipal Development Council in principle (though rarely in practice) oversees the activities and programmes of the UMATAS – most report directly to the mayor. In most municipalities, UMATAS are poorly equipped, lacking transport and even basic office materials. In most cases, they determine their own annual plans, embracing direct assistance to individual farmers, technical presentations, and support to the establishment of producer organisations. They are also responsible for collecting information for land-use planning purposes, conducting surveys on behalf of government, promoting marketing and supporting environmental management.

Whilst the concept underpinning UMATAS has strong merit – locally accountable service providers should be able to draw on the range of technologies available in order to meet locally-articulated requirements more adequately – in practice there are severe difficulties: locally-elected politicians find that investments in highly visible infrastructure have more voter-appeal than long-term support to relatively low profile advisory services; staff turnover is high as incoming mayors appoint their political supporters to key positions; operating funds are particularly inadequate; extension priorities are not guided by wider rural development imperatives; technical capacity is limited among extension workers, and any links with research services (especially to CORPOICA – for technical advice or training) have to be at the initiative of extension workers – these links are difficult to make and responses are not always adequate.

A major role in funding for extension (and for research to a limited extent) has been played by PRONATTA (National Programme for Agricultural Technology Transfer) which was established in 1993 with a US\$85 million loan from the World Bank, and a counterpart fund from the government. PRONATTA's founding principles are consistent with the major decentralisation efforts in Colombia, with the need for participatory approaches to elicit user-demand and with neo-liberal concepts of public-private partnership. Private (for-profit or non-profit) organisations bid for funds from PRONATTA to provide research and/or extension services, and there is a budget line specifically for organisations to support UMATAS in such areas as leadership training; planning, monitoring and evaluation; information systems; and training in management and extension methods. As public organisations, UMATAS themselves are excluded from the bidding process, so that they cannot address technical weaknesses unless they are prepared to spend time and effort persuading other organisations to link with them.

There are a large number of strengths in the Colombian system: the abundant skills available within the research system, the high levels of financial resources available, and the commitment to decentralised management. The design of technical advice on the basis of opportunities or constraints identified throughout the commodity chain is a further strength; another is the number of commodity-specific extension services which have shown some potential for providing, at very low additional cost, some wider advisory service in relation to food crops (see the case of coffee in Box 14). However, the multi-institutional nature of the Colombian system contains inherent centrifugal

forces, and ways must be found of overcoming dispersal of effort if full advantage is to be taken of strengths such as these.

**Box 14 The Colombian Coffee Producers' Federation (FNC) – combining commodity advice with support to mixed farming**

The FNC, with over 900 extension workers, is one of the oldest and largest extension services in Colombia. It has a dual strategy: for medium/large producers, it focuses on technical issues in coffee production and processing. For smaller producers, it views coffee as part of a livelihood strategy and seeks to reach them through community-based approaches which embrace technical change, moral values, food security, leadership, organisational capacity and community-based action. In addition, but focused especially on small-scale producers in areas threatened by civil unrest, it implements a food security extension scheme aiming to support a diversification of farm production and self-sufficiency in vegetables and small livestock products. It provides not only technical assistance for this purpose, but also markets seeds and other inputs.

## **Annex 4 Policies towards Agriculture and Extension in India**

Agriculture policy in India's federal system is highly complex and is only recently beginning to break out of decades of state control. It has been dominated by state subsidy for irrigation and other inputs such as agrochemicals and seed, and the free public provision of a wide network of research and extension. Dominant policy trends have included protection against imports, a drive for self-sufficiency in basic foods, and guaranteed support prices for rice coupled with a subsidised food distribution system. Efforts towards liberalisation from the early 1990s have focused on the reduction of subsidies and import controls, and have been accompanied by further downward price pressure as markets for basic staples have become saturated. Yet, markets have only partly been liberalised: controls in food shipment across certain State borders still exist, as does an archaic and widely criticised framework for the testing and official 'release' of new crop varieties, which, together with subsidised seed provision, has acted as a brake on private seed industry development. Not surprisingly, the impact of (even partial) reforms has generated much resentment among farmers and led to widespread protest.

Within this overall frame, the philosophy of state provision is perhaps most keenly felt in research and extension. The dominant publicly-funded, publicly-delivered research and extension paradigm has virtually no interaction with the range of other research and extension systems, such as fully privatised systems for new commercial crops such as grapes, or levy-based systems for commodities such as tea, coffee and rubber. The Training and Visit system has been widely abandoned as financially unsustainable, but India still seeks to provide universal public extension, and much of the ethos of a strongly centralised administration inherent in Training and Visit still characterises public extension systems. Furthermore, much of the work of extensionists consists of delivering inputs which form part of centrally-designed subsidy schemes. Except in some of the Green Revolution areas, where farming is largely homogeneous (irrigated, and dominated by rice-wheat rotations) and where farmers have a long tradition of making vocal demands on technology systems, extension is characterised by many of the shortcomings associated with centrally-driven systems: pre-programmed messages that do not adapt even to take into account variations in rainfall patterns, and so are largely irrelevant; a limited capacity among low-paid village level workers (VLWs – compounded by misguided efforts to 'broad-base' the system – ie to have VLWs cater for all aspects of crop, livestock and horticultural production); limited funds for field travel, and so on. Some limited efforts have been made to overcome these shortcomings, such as having VLWs form and engage with farmer groups instead of individual contact farmers, but these have rarely been undertaken in anything more than a token fashion. VLWs rotate rapidly into and out of posts in the more remote areas – with incumbency averaging less than 50% as those appointed quickly move out in search of more favourable postings. India's traditional mode of publicly funded and delivered extension is under threat not just from the perceived irrelevance of messages to low-income farmers, the high turnover of staff and the inadequate budgets for operational expenditure, but also because of the fiscal crisis threatening many States. In principle this opens the door for new approaches, such as para-extensionists identified by villagers themselves who then travel to Block or District towns to draw down on the extension system, as well as picking up e.g. market information and input supplies. However, in practice the present system continues to be shored up sufficiently to prevent the wide-scale and politically embarrassing collapse that would open the door to new approaches.

## **Annex 5 Policies towards Agriculture and Extension in Uganda**

During a period of political, economic and civil rehabilitation, significant public responsibility was devolved to districts combined with a strongly forged programme for privatisation and market liberalisation over the last some 15 years. Most commentators agree that many of these structural changes have brought positive outcomes, though there have been some problems with the phasing of reforms. The annual inflation rate has reduced from over 100% in the 1980s to reach relative stability in single digits over the past few years. Over the same period, economic growth has come to average about 5% per annum. Growth has been based on expansion in all sectors of the economy with the agricultural sector (on which most of the poor depend) growing relatively fast, though much of the growth in the agricultural GDP has been based on expansion of area cultivated rather than enhanced productivity.

The population is over 21 million, about 5% of whom are internally displaced people (IDPs) together with significant numbers of refugees from Sudan in particular. The GDP per capita averages only about US\$330 and at least 40% of the people are living in poverty. The Gini co-efficient is about 0.38 (rural: 0.32; urban: 0.40). The north and eastern parts of Uganda are poorer than other areas, and suffer greater vulnerability in terms of the seasonality of rainfall patterns and greater insecurity.

The economy also remains dependent on donor assistance and on the agricultural sector for both food self-sufficiency and foreign exchange earnings from a variety of production systems, ranging from banana and coffee systems to dryland pastoral systems. Many of the rural poor remain largely outside the monetary economy, mainly producing for subsistence. Food crops production still accounts for at least 65% of agricultural GDP, and agriculture continues to be characterised by low productivity. Challenges of rural economic transformation and poverty eradication linked to progress in the agricultural sector are thus at the heart of government policy.

Recently the government has introduced a sector wide strategy for the agricultural sector the 'Plan for the Modernisation of Agriculture: Eradicating Poverty in Uganda' (PMA), one key policy document aimed at operationalising the overarching policy perspective in the Poverty Eradication Action Plan, subsequently adopted with modification as the PRSP. The policy process has been based on a broad coalition among stakeholders. The PMA aims at raising incomes and addressing food security through commercialisation, not primarily through subsistence production. It is thought that 'modernising agriculture' will contribute to increasing incomes of the poor by raising farm productivity, increasing the share of agricultural production that is marketed, and creating on-farm and off-farm employment. The broad strategies that are expected to contribute to fulfilment of policy objectives include the following:

- deepening decentralisation for efficient service delivery;
- reducing public sector activities and promoting the role of the private sector;
- supporting the dissemination and adoption of productivity-enhancing technologies;
- guaranteeing food security through the market and improved incomes, thereby allowing households to specialise, rather than through household self-sufficiency;
- enhancing and strengthening stakeholder consultation and participation in the planning and implementation of programmes;
- designing and implementing gender-focused and gender-responsive programmes;
- ensuring the co-ordination of the multi-sectoral interventions to remove any constraints to agricultural modernisation.

Extension is regarded as an important service for helping modern agriculture in Uganda, but beyond business as usual. Uganda has had its experiences with a range of approaches, including modified Training and Visit and various donor-specific forms. While there will continue to be parallel development of some advisory services among agencies, public finance in the development of advisory services is intended to be radical focusing on contracting out. This will be implemented through a National Agricultural Advisory Services (NAADS) programme, which will phase in the abolition of public extension services. The PMA document notes that advisory services will see a short – to medium-term public expenditure increase to ‘fund this public good’, while in the long term private sector funding is expected to exceed public funding. The intra-governmental funding mechanism will use conditional matching grants, partly to ring-fence funding that may otherwise be used for more visible and politically rewarding schemes. Local governments will also have access to non-conditional PMA grants.

The NAADS programme will have the following five components:

- *Advisory and Information Services to Farmers.* Producers will collaborate with a sub-county government in contracting agricultural advisors to deliver priority services.
- *Technology Development and Linkages with Markets.* Creation of linkages among farmers, advisers and researchers will be promoted. Farmers will be availed funds to contract researchers to work with them on technology development and adaptation and also to link with markets.
- *Quality Assurance – Regulations and Technical Auditing of Service Providers.* Support will be provided for the establishment of a regulatory framework for service agencies by setting and enforcing standards for qualification and performance.
- *Private Sector Institutional Development.* The shift from public to private delivery of service is anticipated to require support for retraining and private agency development.
- *Programme Management and Monitoring.* National and local government levels will be supported to play their statutory roles with respect to the NAADS.

The NAADS programme is likely to begin on a good footing, i.e. accepting that it does not know everything and that not everything can be known. This makes the programme stand out clearly from its predecessors, which were often variants on a Training and Visit theme involving significant rigidity and centralised planning. A learning approach is accepted as central to programme development incorporating flexibility and situation specificity in the application of NAADS principles. There is recognition that different regions of Uganda vary in terms of their agricultural potential and in the capacity and level of organisation of producers. A learning approach can be perceived, however, as being high on uncertainty and this was reflected in the concerns of many of those at district level and below.

The first two years of the programme, the ‘trailblazing’ phase, will be carefully designed and monitored to ensure that lessons learned will guide further expansion of the programme. This will involve introducing learning mechanisms at different levels of programme operation. The NAADS programme will be launched initially in twelve sub-counties in six districts across the country. The objective of this trailblazing phase is to explore various modalities concerning contracting, capacity building of producers and service providers, formation of Farmer Forums, and mechanisms to ensure inclusion of special targets groups.

While the coherence of agricultural policy is now strong, there remain many risks and vulnerabilities. The economy is highly vulnerable given an over-reliance on traditional export crops (coffee, cotton, tea, tobacco), which has left the economy highly exposed to fluctuations in commodity prices (particularly coffee). It is also exposed to changes in regulations of major trading blocs (e.g. EU and



fish imports). The economy as a whole has a relatively low level of private investment and technological change, illustrated by an inability to capture higher value links in commodity chain. At present, there is also a low capacity in policy analysis and negotiations for international trade. In addition, high transport costs also reduce the competitiveness of Uganda's agricultural exports. A thorn in the side remains chronic insecurity in large areas of the country, partly fuelled by regional inequality and easy access to cheap, small arms.

## **Annex 6 Policies towards Agriculture and Extension in Nicaragua**

With an annual per capita income of US\$430 (1999), Nicaragua is the second poorest country in Latin America. External debt amounts to 600% of exports and three times the annual gross domestic product (GDP). Nicaragua is also extremely prone to natural disasters and has experienced a major conflict. Development has not been a linear process. Shocks to livelihoods and to the national economy and public expenditure are regular occurrences. Given its extreme indebtedness and geo-political position as a small country with very close links with the United States, Nicaragua has very little capacity to withstand the pressures of globalisation. Success in taking advantage of export opportunities has been mixed. Growth has been good since the mid-1990s, but to a large extent this has been recovery from near collapse at the end of the 1980s. Lack of infrastructure, weak entrepreneurialism, poorly functioning credit markets, fragmented institutions, and poor governance constitute major obstacles for even the wealthier actors in the agricultural economy to draw benefits from globalisation. Most agricultural service providers in Nicaragua are pessimistic that poor producers will succeed in significantly accessing international markets. A more pressing concern about the impact of globalisation, is whether poor producers will be able to retain a domestic market in the face of competition from regional imports.

Several policy frameworks are of major relevance in relating poverty and vulnerability to extension. These strategies share a broad acceptance that Nicaragua must face globalisation head-on. Continued structural reform and open markets are inevitable. Strategies alternate, however, between assuming that explicit measures are necessary to ensure inclusive development, and assumptions that growth alone will eradicate poverty. The policy formation process in Nicaragua has been profoundly influenced by the experience of Hurricane Mitch, and the relatively massive aid flows that followed. The context before Mitch was one of polarisation between a neo-liberal governing regime and an opposition of the populist left. This state of affairs has shifted to a more complex set of forces involving donors as active policy advocates, a more united and stronger set of civil society institutions, and a government pressured more towards populism in the face of a coming national election.

Nicaragua's Strengthened Poverty Reduction Strategy is the main policy initiative that takes a livelihoods approach to analysing how the poor employ their assets. The strategy emphasises that poverty is primarily a rural phenomenon, but that even in rural areas, the primary way to escape from poverty is to move away from agriculture, particularly from subsistence agriculture. Areas with least poverty have access to labour markets. Those with the highest levels of basic cereal production have the highest levels of malnutrition.

The current strategy of the Ministry of Agriculture, Livestock and Forestry (MAGFOR) takes a very different perspective. It has three basic goals: i) Productive rationalisation, ii) Institutional modernisation, and iii) Food security. Productivity increase is the central focus. The strategy is supportive of those farms with the capacity to take advantage of market opportunities and to make major productivity leaps, and is thus most viable in areas of the country that have relatively good access to markets. Before Hurricane Mitch, food security received very little attention. After considerable criticism of failure to address extreme poverty and vulnerability, the government is now placing greater emphasis on food security. The current policy combines a focus on food crops with presumptions that productivity increase will solve food insecurity. There is a notable tendency to divorce food security objectives from the context of poverty. Donors, non-governmental organisations (NGOs) and United Nations (UN) agencies, however, are actively engaged with the government in promoting a deeper understanding of food security and vulnerability.

The link between inappropriate agricultural and natural resource management practices and a heightened risk of natural disasters is central to the inclusion of vulnerability in rural development policy. This is reflected in the agreement among the governments, civil society, and donors on principles for the ‘transformation’ of Central America after Hurricane Mitch. The ‘Stockholm Declaration’ highlighted the problems of weak governance, political polarisation, and the lack of coordination capacity in the massive reconstruction effort, while positioning poverty and environmental risk within the rehabilitation and development agenda.

Until recently, the current government pursued neo-liberal agricultural policies with genuine commitment. A minimal role for the State in service provision was accepted and, despite difficulties in rationalising staffing, extension was expected to be a showcase for the reform effort, with services increasingly contracted out to the private sector. Consideration of public goods issues was a major feature in the design of new structures. Public goods issues are now receiving less attention. Plans have been proposed to establish a national extension structure based on broad coverage and very intensive extension agent to farmer contacts in order to invigorate agricultural development. This shift has emerged from the broader political context. The failures of the government to mobilise a strong response to Hurricane Mitch were rooted in neo-liberal policies that reduced public service capacity. Political pressures to shift to more populist policies are growing, and extension agents working face-to-face with farmers are seen as an effective way to demonstrate government commitment.

The ebb and flow of policy reform is influenced by three narratives. The first (and formerly dominant) was a set of neo-liberal concepts based on a minimal role for government agencies in implementing programmes, paired with a broad faith in economic growth as the driving force both supporting and deriving from agricultural development. As elections draw near, this is giving way to an alternative narrative that places production growth at the centre of strategic thinking. Earlier emphases on public goods have given way to a pragmatic and simpler drive to get services to farmers. Questions of who and how (and the longer-term sustainability of the ‘whos’ and ‘hows’) have been put on the back burner in the interest of showing results and stimulating a rapid transformation. The third narrative is that of vulnerability reduction and poverty alleviation. This agenda, promoted primarily by the donor community and civil society, acknowledges that neither economic nor productivity growth will automatically address the deplorable situation of the poor.

The institutional landscape in Nicaragua contains a confusing and seemingly paradoxical mix of policies, structures, and priorities. NGOs that often trace their roots to leftist initiatives are actively promoting a modest role for the government and stronger market orientation. State bureaucracies, although led by the neo-liberal government, have been slow to adopt a market focus and have plans to expand their roles. Furthermore, Nicaragua is a land of projects. Government capacity to use policy as a tool to co-ordinate the mass of projects that together make up the thrust of Nicaraguan rural development initiatives has been limited. Projectisation has a profound impact on the nature of institutions offering extension services. Agencies expect to be judged by donors by their potential capacity to undertake different extension tasks, rather than ‘correct’ service provision slots for state, private sector, and civil society institutions.

Decentralisation of responsibilities for natural resource management and the projectisation of rural development have created a potential for greater subsidiarity in extension and agricultural development. As yet, there are relatively few examples of this potential being acted upon either by local governments, line ministry agencies, or the various actors managing rural development projects. This is due to several factors, including:

- local government has limited institutional and financial capacity in rural development;
- local political priorities focus on urban development and infrastructure because politicians and their constituencies assume that this is the role of municipal government;

- there are virtually no lines of accountability from public-sector agricultural institutions to local government;
- cynicism and pessimism prevail among donors and NGOs on the potential for strengthening local government's role outside of urban areas;
- paternalism and prevalence of donor-driven agendas hinder attempts to strengthen local government, leading to lack of genuine ownership.

Extension structures have followed overall national trends of expansion and contraction of the public sector. Nicaragua had a large public sector (24% of the work force) in 1990, which was reduced to 5.3% by 1998. The World Bank-supported extension programme in Nicaragua has taken a lead in introducing user charges for extension services and in contracting out service provision to private firms. This has been seen as a model for introducing cost-recovery in other countries. NGOs and producer organisations usually have very negative preconceived views of user-charges, though they have little experience in their use. Neither governments nor NGOs expect that service charges or contracting out will be viable for isolated farmers engaged in subsistence production and watershed management.

NGOs are involved in farmer-to-farmer approaches promoting watershed management, sloping agricultural land technologies, home gardens, and alternatives to slash and burn agriculture through both concrete extension projects and advocacy. Such projects have succeeded in establishing a certain level of national debate on alternatives to conventional agriculture. Some doubts exist, however, about the longer-term financial viability of these types of extension programmes. The agricultural technologies themselves may (perhaps) be profitable. Critics point out, however, that rhetoric about farmers helping one another may hide a considerable level of donor-funded investment in extension staff and logistics. Before these approaches become more definite mainstream alternatives to conventional extension programmes they will first need to be subjected to the same scrutiny as other initiatives. That said, the cost of farmer-to-farmer approaches could be justified, based on the reduced levels of environmental destruction.

## **Annex 7 Policies towards Agriculture and Extension in Vietnam**

Extension has played a role in the large poverty reduction that has been achieved in Vietnam, largely related to the increase in rice production during the 1990s. As living standards are rising among the population as a whole, there is a recognised need to focus the attention of poverty reduction measures to vulnerable groups. ‘Vulnerable groups’ however includes a large number of people; ethnic minorities in the mountain areas, people in the disaster-prone regions, those relying on export production and who are facing drastically falling prices, laid off workers from the state enterprises, as well as the ‘normal’ poor – with little resources. The policies for rural development, including extension, are facing large challenges in supporting people to reduce vulnerability.

### *The role of extension in poverty reduction*

Major achievements have been made in poverty reduction during the 1990s. (From 58% to 37% from 1993 to 1998, according to the World Bank and GSO). Policies for rural development and poverty reduction have focused on overall growth and development of the rural economy, aiming at raising the living standard of the rural population as a whole. The relatively even distribution of resources in the rural areas, especially land, has resulted in a positive relation between economic growth and poverty reduction. Growth is still seen as the main way to reduce poverty. The focus has shifted from being concentrated on securing the rice production for food security and export, during the 1990s, to rural agro-based industrialisation and employment creation, in the coming 10 year plan.

The largest poverty reduction effect over the past decade came from the increase in paddy production, which was a result of the land reform and liberalisation of prices, which stimulated farmer investments. Public extension services were established in 1993 to support the farmers. As rice has been the basis of the rural economy for thousands of years, the communication of knowledge regarding rice production is quite well developed at community level, through formal and informal channels of community organisations. Public extension services primarily provided new rice varieties and plant protection services.

The second most important source of income for the poor has been the rapid development of animal husbandry, especially pig raising. With rising rural income, the local market for meat has expanded. As with rice, there is a long local tradition of knowledge of pig raising which has further been encouraged by extension activities, largely through the Women’s Union.

The main poverty reduction during the 1990s has been in the rice growing areas. For the ethnic minorities in the mountain areas poverty reduction has been more modest. In some areas poverty has even increased. Their staple foods are different dry land crops from shifting cultivation and the policies to move away from shifting cultivation to fixed cultivation and fixed settlement has sometimes carried with it negative effects. The role of extension in the mountain areas has so far been limited, partly because of the physical distances, partly because of weaknesses in the integration of ethnic minorities in the overall structures of service provision. Extension staff also have insufficient knowledge of local production systems in the mountain areas.

Recently, policies and investments have focused more on poverty reduction among vulnerable groups, including the ethnic minorities and people in disaster-prone areas. There are large ongoing investments in physical and social infrastructure in remote and disaster-prone areas to raise the standard of living and contribute to increased market integration. Extension and market integration has so far placed too much emphasis on mass production of certain export crops, like coffee and sugar, which have left many producers highly vulnerable to the fluctuating world market prices, which for many products have fallen drastically during past two years.

The focus of extension is on the ‘modernisation’ of agriculture, which often means new crop varieties and animal breeds with a higher production potential for the domestic markets and on the expansion of cash crops for export. Extension serves the majority of rural households who are smallholder own account farmers. The direction towards mechanisation and larger farms is still very limited. Possibilities to make a living from a small plot of paddy are however decreasing with decreasing prices. Poverty is more and more connected with dependency on mono-culture of rice and seasonal unemployment.

Households who are able to generate a surplus, invest it in other crops, animal husbandry and small rural business. Policies are shifting to encourage diversification and rural industrialisation, both on– and off farm. It is still an open question to what extent the poor can benefit from this development as producers, or whether their main benefit will be in terms of increased labour opportunities on the better-off farms. The poor have less access to extension and credit regarding the new lines of production and business. They are also more reluctant to take the risks involved in new ventures. Knowledge of new types of production may become a larger factor than access to resources in determining rural income differentiation.

The fact that the poorest have less access to extension services is related to the conditions that make extension less ‘cost-effective’ when servicing the poor. The poor have lower level of education, less resources available for production development, live in remote areas etc. Extension for the poor can therefore not be provided in isolation. Other services are required in order to raise the ‘efficiency’ of extension. Such services may range from basic education like reading, counting, Vietnamese language skills, business development planning, to credit, to rural roads, electricity etc. The Vietnamese policy aims at raising the overall conditions for development, in order to integrate the poorest. The efforts to raise the education level, improve market integration etc. do however not necessarily need to take place distinct from extension efforts. If the concepts of education and extension were brought closer together, the poorest could receive support to gradually build up basic knowledge for their livelihood and business planning.

Extension has a potentially very important role in relation to the poor in the mountain areas, in facilitating the communication between the kinh Vietnamese society and the ethnic minorities. Improved access to markets and services for the ethnic minorities is partly a matter of improving their knowledge of Vietnamese language, rights and obligations, negotiation skills with both private and public traders and service providers as well as technical knowledge, in order to strengthen their negotiating position on the market.

### *Vulnerability and coping strategies*

Although achievements in poverty reduction have been large, there are still a large number of people who are vulnerable to crises, which would push them back into poverty. Such crises may be crop losses due to floods and drought, illness in the family causing both medical costs and reduced labour capacity, loss of the buffalo or other livestock, dropping market prices. The poor are the most vulnerable to such crises.

Means to reduce vulnerability include:

- water management infrastructure to reduce the impact of floods and drought;
- diversification of production to reduce the impact on the household economy if one line of production fails;
- community savings– and credit schemes to reduce the dependency on private money lenders;

- insurance services for production losses;
- improved health insurance;
- improved veterinary services to reduce the occurrence of diseases in animal husbandry;
- improved market information systems for a broader understanding of how the markets may develop.

The Vietnamese Government is active in all these areas. Insurance services are the least developed. When natural disasters occur, the Government is very active in providing support for people to rehabilitate their production and livelihoods. Support is mainly provided in terms of seed for the next crop, production credits and food aid during the immediate crisis. The extension services are active both in immediate rehabilitation after a disaster and in the long-term work to reduce vulnerability. Extension services include focus on short-term varieties of rice and other crops, diversification to a broader range of crops, vegetables and spices. Effort is put into the development of new land areas, which are less vulnerable to flooding, like the hilly areas. Various agro-forestry modes of production are developed. The development of the hill land is still controversial, as strong forest interest groups argue for complete forest cover as a means to reduce the flooding. Support for non-agriculture diversification is not yet so developed.

Extension has sometimes had a vulnerability-increasing role, regarding household dependency on one main export production, like coffee or sugar. When the world market prices drop drastically, as they have done the past two years, it pushes large number of farmers, mainly in the mountain areas, into poverty.

For individual household crises (which are not community wide) there is less support available. Safety nets are not yet sufficiently developed. Household coping strategies often include:

- borrowing between family and friends. Social capital networks are often strong;
- borrowing money privately at 2–3% interest rate per month;
- borrowing rice at 40–50% interest rate per season to be paid after the next harvest;
- collecting minor forest products, like leaves for hat making and firewood;
- seasonal migration to work as farm labour;
- working as day labour, locally.

Taking private loans is dangerous. Many poor households can barely manage to pay the interest rate, and get into long-term debt situations, which are difficult to get out of. Extension could play a role together with the Bank in making a household economic plan and restructuring of the private debt, with bank loans instead.

Even though people in the hilly areas often are poorer than people in the paddy growing areas, the poor in the hilly areas tend to be less vulnerable to seasonal crisis due to their more diversified sources of income. Many small sources of income become vital for coping strategies in relation to seasonal crisis like floods. The forest and communal areas provide important income during crisis, which could be further developed. In some areas the forestry extension services support the enrichment of forests for household benefits and the development of minor forest products. Labour opportunities have previously also been more available in the hilly areas, but are becoming scarce with the crises of major export products.

### *The organisation of extension*

Extension in Vietnam is a relatively new phenomenon, embarked upon in 1993, with the land reform from collective to household tenure of land. The formation of policy and organisation for extension is therefor gradually developing and finding its form.

Extension is organisationally very diverse, with many government branches, community organisations and farmer groups. The role of government is strong. Government has an overall role of co-ordination between the various organisations involved in extension activities. The possibilities for the rural population to articulate demand for rural services is often enhanced by the high level of organisation and close links between community organisations and the Government. The lack of independent civil society can however be a constraint if the community organisations concentrate mainly on implementing national government directives rather than stimulating local communication of interests. Because of the strong community cohesion at local level (particularly in the North), with high participation in community meetings and community organisations, there is also a possibility for the poor to voice their demands. Constraints arise when the poor are in minority, as it is easier for the majority to get response for their interests. The organisational linkages are not as strong in the mountain areas. Communication of demand and provision of services is much less developed in the remote ethnic minority areas.

Also the activities of private actors are partly under Government co-ordination. Private extension partly comes from small local providers of veterinary and plant protection services where sale of inputs and extension is combined. They operate under state certification. The larger input supply companies often 'contract-in' the public extension services for organising demonstration and marketing of their products. Competition has been constrained by subsidies to the state companies, difficulties for the private sector to access credit, strong tradition of government provision of services etc. Policies are however moving towards creating equal terms of competition between different forms of companies.

Triage is officially rejected. In public documents, all policies, including those regarding extension, are meant to have poverty alleviating effect. The objective of extension is to improve the living conditions of the rural population as a whole, and especially for the poor. This is against the background of decades when the majority of the population has been very poor, and is still poor in international comparison. It is however recognised that extension often does not reach the poorest and vulnerable groups. The conclusion that is drawn by many people is that there is a need for a separate extension system for the poor. Ministry policy documents mention the objective to gradually move towards cost-sharing of extension services for commercial production, and subsidised services in the remote mountain areas. Poverty is in this case defined as mainly limited to the remote areas, leaving out the poor in the commercial areas. It may not be well targeted to base the distinction between commercial and subsidised extension on geographical area.

At present there is another type of two-tier system being practised informally. In this there is a base of public services, which are open and equal for all. On top of this, the extension staff provide commercial services to those who are prepared to pay for it. This is permitted in order for them to increase their salaries. It is becoming common, especially in the south of Vietnam, for farmer groups to purchase extension services commercially. Purchase of extension services is sometimes also done by community organisations, and is then made available also to the poor.

### *Summary of constraints of extension in relation to the poor in Vietnam:*

- Extension is developed mainly to serve the low land and midland areas. The knowledge and service network relevant to the mountain population is much weaker.



- There is a lack of recognition of the special needs of the poor in the market-integrated areas. They are often excluded from extension activities with reference to their lower educational level and lack of resources to implement the advice.
- Extension messages are often concentrating on strategies for income generation and thriving, which would require more resources and knowledge than are currently available to the poor.
- Normal credit is generally not available to the poor. They are referred to credit from the Bank for the Poor, which is mainly distributed according to the Bank plan, rather than based on applications. There is no co-ordination with extension.
- In order to reduce transaction costs, the efforts to promote commercial production in the mountain areas have been in the form of massive campaigns to engage the many small-scale producers in export production. Extension support and market information in relation to such campaigns has often been insufficient, causing difficulties, especially for the poor. Falling prices on the export markets are causing difficulties for large groups of people.

*Summary of opportunities for pro-poor extension:*

- Poverty Alleviation is the core of Government policy as expressed in the 10-year socio-economic plan and the PRSP.
- There are many organisations at local level, which have the potential for expanding extension activities. The organisations are often broad-based community organisations, which also include the poor. Public extension policy allocates public funds to encourage extension activities of community organisations and private actors.
- The broad programme '135' for the 'communes in most difficulties' is significantly upgrading access to markets and services for the remote communes. There is a broad policy attention to reducing poverty, especially in the remote mountain communes.
- The steadily increasing living standard among the whole population also provides an increasing domestic market for agriculture produce. With the increased efforts regarding certification standards and processing, the markets will expand even more.
- The level of education is relatively high and improving, which increases the opportunities for the poor to access extension services.
- Most of the poor are still own account producers and can be supported to make a living from their own production. Landlessness is not yet significant in the north and central of Vietnam.