### XXII EURAGRI Conference Aarhus 19-21Sept. 2008

"Overview of the Agricultural Advisory Systems in the new EU-MS"

In most of the Central and East European Countries (CEEC), in the pretransition era, all cultivated land was in hands of a large collective and state farms which invested heavily in an agri-industrial model.

The major exceptions were Poland which kept a dominant private sector in agriculture even under central planning and small-scale family farms were occupying 77% of agricultural area,

and Slovenia, which had a small "socially owned" sector of agriculture and a large number of small part time farmers, occupying over 90% of agricultural area.

/source: Agricultural situation and prospects. EC, DG Agriculture - working docs/

Of the countries with a predominantly "collectivised" agriculture - state management was almost complete in Bulgaria, which followed the Soviet agricultural model, while in Hungary, the Czech and Slovak Republics and Romania the "old" cooperatives or collective farms played a more important role and enjoyed a variable degree of freedom; a high degree in Hungary and a very low degree in Romania.

In all these countries, a very small scale system of house-hold plots and sometimes of small farmers (e.g. mountain farmers in Romania) coexisted with the large scale collective system.

For certain products such fruit and vegetables and in certain countries animal husbandry, the share of household plots in total production was quite significant.

As in the wider economy, one of the main objectives of reform during transition was to "de-collectivise" agriculture and to re-establish the private property rights.

Putting land and other farm assests into private ownership or private operation (comercialisation) took a number of different forms, leading to different degrees of fragmentation of ownership and of farms.

Several countries, e.g. Hungary, Czech R., Slovak R., opted for a combination of restitution and compensation of former owners, leaving existing farm structures which survived intact to a certain degree. In particular this was the case for the transformation of the collective farms.

In these three countries (H,Cz,Sk), by law, all the old coops were turned into private cooperatives or other business entities, leaving the members the choice of staying with the new entity (which happened inmost cases) or setting up for themselves.

The state farms have mostly been privatised, transferring the non-land assests into private ownership, but keeping the state owned land and leasing it.

Bulgaria, decided to liquidate all state-managed systems (agro-industrial complexes) and to restitute the land to the former owners or their heirs prior to collectivisation, a process which is till not completed.

Romania, chose yet another approach in distributing a limited amount of land to former owners (up to 10 ha) and to its current users, the memebrs of the old cooperatives. After dissolution of the old cooperatives farmers' associations and new (small scale) individual farms were formed, while the state farms were officially converted into companies under guidance of the ministry of agriculture.

The latter still have a significant share of agricultural land, similar to the agricultural companies in Lithuania and to a lesser extent in the remaining state farms in Slovakia. For 2/3 of agricultural area, the redistribution of land has however led to a wide fragmentation in use and owbership.

The Baltic states initially took the same route as Romania in mainly distributing the land to its users, but were later faced with claims from former owners. The state managed farms were succeeded by public or private corporate type of farms (in Lithuania, Estonia) and fairly widespread small to medium scale private farming (in particular Latvia).

The imminent enlargements (10 entries in 2004 and another 2 entries in 2007) of the EU - offered new opportunities and challenges for nature conservation and environment protection in the accession countries.

#### **Start-up conditions - similar situation**

The full transposition of the acquis into national legislation was a substantial task for all the new entries (enlargement in 2004 with 10 new MS and in 2007 with additional 2 countries).

All the new MS, after an accession negotiations, decided to phase in EU agricultural direct payments between 2004-2013. Direct payments started at 25% in 2004 for 10 new entries and 30% in 2005 and 35% in 2006; and are to be increased by 10 percentage steps to reach 100% of the then applicable EU level in 2013. Bulgaria and Romania, joining the EU in 2007, had equivalent treatment and will phase in direct payments starting at 25% in 2007 to reach 199% in 2016.

Within carefully defined limits, all of the new MS were given option to "top-up" these EU direct payments with national subsidies.

#### **Start-up conditions - similar situation**

In most of the new MS, there were already systems installed that have been able to accumulate knowledge in the form of experiences. Over time some become more knowledgeable than their "creators" as the system was feeded with data from various angles (researchers, advisors, farmer organizations).

Before date of accession, new MS obtained a due support under umbrella of Phare programme to encourage development of the agricultural advisory in order to meet new needs emerging from CAP implementation.

### Approach to the agricultural knowledge and advice delivery

In all the new Memeber States - agricultural extension is widely regarded as playing an important role in improving the sustainability and profitability of farming systems.

The provision of information and advice has been seen as the responsibility of the state, particularly in the case of natural resources management.

The classic approach of "transfer of technology" applied in the past, does not seem a good way to handle the complex problems arising from The integration of environmental issues into the farmer's decision making process.

### Approach to the agricultural knowledge and advice delivery

Public authorities try to influence the decision making process of farmers and land managers in terms of how they use their land and other resources under their control.

Both, the needs of farmers in terms of the information required, and of public governments, in terms of achieving policy goals - need to be taken into account in a balanced way when farm advisory system are designed.

Farmers need advice and information in order to make decisions within the framework established by both EU and National laws and regulations.

### Approach to the agricultural knowledge and advice delivery

Many surveys show that the provision of scientific information can increase the participant's knowledge about these issues. Rather than a top-down approach, a more participatory approach is earning more respect all across the new MS.

The above approach gives farmers the opportunity to obtain the advice and information they seek from those organisations most able to provide it.

The increasing concern about possible conflicts between farmers' economic objectives and environmental protection has led to the development of key roles for extension professionals and advisors.

# What is our understanding of the agricultural knowledge system (AKS)

There is no common definition or rules for shared understanding ..... .

In my opinion, most of the new entries might tend to define AKS – as a system that can integrate the agricultural research, and the education, and the advice for the benefit of end-users.

The agricultural knowledge has to be presented to the user in a pedagogic manner, mainly in order to function as support in decision-making.

# Impact of the EU strategic guidance for agricultural advice systems in the new MS

Community strategic guidelines (CSG) define strategic priorities of rural development fo all EU Member States, including the new entries.

On the basis of CSG, each new MS perpare a National Strategic Plan (NSP). It defines priorities and their interconnection with the entire EU-MS and also including regional needs.

The tasks and scope of the advisory services are governed by the the EU legal framework under: Community Strategic Guidelines for rural development (RD) programming – laid down in the Council Decision 2006/144/EC; Council Regulation 1698/2005/EC as regards support for rural development by the EFRD; Council Regulation 2012/2006 amending and correcting regulation EC 1782/2003 on common rules for direct support schemes under CAP.

# Use of the agricultural knowledge system (AKS)

- Give advice on how to better adjust to the new economic, social and political realities under transition; supplied with the latest research results offer opportunity to get information "on demand" when, and if user asks for it.
- Give advice or provide support in decision-making: what is the best to do in this particular situation, i.e. at times that suit the user.
- Accumulate knowledge; AKS can be easily updated when new research results arrive or when need arises.
- Place diagnoses and make searches for errors, also make prognoses.

# Perception of role of the agricultural knowledge system (AKS)

Under transition in the new MS, majority focus on assisting the governments and other public agencies in improving of understanding of the impact of their policies have on rural economies and communities.

Also, a great deal of attention is given to collaboration with these agencies to ensure the farmers and the rural people have adequate access to basic services and information.

In many new MS, policy-makers are increasingly encouraging both public and private advisory entities to take over this work, or to work in partnership with central powers to take advantage of government's knowledge of rural sector.

# <u>Dilemas as regards role of the agricultural agents</u>

- To some extent, in some of the new MS there is a danger of roleconflict when agricultural advisors becomes a low enforcers.
- In many of the new MS, the large number of changing regulations (firstly - due to transition of their economies and secondly - resulted from Acquis implementation), the agricultural advisors turned into a middleman for subsidy acquisition (payments are available to farmers under 20 different grant-schemes).
- More and moe often, the agricultural advisors have to provide not only support to farmers by means of advice, education and information but also to fulfil the quasi-public administration tasks.

#### The agricultural advisory programmes

The criteria of some government programmes are often not conducive to building economic self-suffiency at the farm level.

The extension programmes of the different suppliers (public-privateothers) interact in various ways, sometimes operating in a coordinated manner, or cooperating in a more formal partnerships.

The diversity of actors and the moves to decentralisation are, at the political level, partly a reflection of the post-transformation situation in the CEECs and in the long-run are going to reduce the influence of the state governments.

### The agricultural advisory programmes

The programmes designed take into consideration the following priority areas: Improvement in agricultural land management; Protection of high natural value land; Maintenance a diverse landscapes; Promotion of natural habitats and cultural heritage.

Policy mechanisms and programming in the post-accession period focus on support of such diverse natural assets, so as to limit environmental deterioration due to the changes induced by transition and the preparation for EU membership.

The necessity for implementation of a strong Rural Development Policy (second pillar under CAP) appeared to be a focal point in designing advisory programmes for public-funded support structures.

#### New MS - common priority areas

- To collect old, well tried knowledge and new research information in order to coordinate current facts and info concerning management and economy - in the key and the most relevant ares.
- Support in the implementation of policies and measures which are tailored to limit farming impact on environment, including application of cross-compliance requirements.
- Promote a moderate intensification of agriculture in productive areas, involving greater use of fertilisers, pesticides and machinery to increase yields up to EU average level.

### New MS - common priority areas

- Suport in improvement of land management with respect to environmental aspects, focused to assist in preventing the abondonment of farming on marginal, less productive land that often have an abundance of wildlife.
- Delivery of quality training based upon needs assessment with most serious consideration given to CAP implementation, addressing various target groups (i.e. market-oriented farmers, small and semisubsistance famers, subsistance farmily farms, rural entrepreneurs, local leaders, rural youth, others).
- Facilitate a new approach needed in dealing with the clients, characterised by provision of simple and easily understood advice, when the farmer/other user can rapidly find most critical answers.

# Criteria applied to increase information flow

- Free access to, and the ease of use of available information sources.
- Coordination between and integration of information sources.
- Development of information package to meet needs of the specific user/target audience groups.
- Effort made to match the content and format of advice to the nature of decisions.
- Provision of necessary technical resources and tools at local level in forms of partnership between public and non-governments bodies.

# Organization and financing of the agricultural advisory system (ASS)

The AAS has a different history of its development and organizational setup, due specific agricultural policy in each country. One of the strongest impulses for organizational change came after transformation in the early 90-ties.

Also, there is a no single solution implemented across the new MS, as far as the finance management of system is concerned.

In every new MS, public finances are delegated to ensure delivery of basic services in form of institutionalised advisory support.

Some governments are encouraging the private-driven consultant organisations and stimulate their collaboration with the accreditated state agencies (Batlic States, Czech R., Hungary, Poland, Slovak R., Slovenia).

# Organization and financing of the advisory system (ASS)

Over the period of economy transformation in the former accession countries, a demand-driven information and advice system appeared to be much more suitable than a supply-driven extension service.

This means that governments have had to make radical changes. Since the nineties there has been a progressive trend (hovever in a slow pace) to reducing the role of the public sector in agricultural extension, while increasing the private sector options.

In some of the new MS, the commercialisation of extension services started sooner than anywhere alse, and seems to produce positive effects (e.g. The Baltic States, Hungary, Slovenia), but not all the topics and functions of the services could have been completely absorbed by the private sector.

# Organization and financing of the advisory system (ASS)

A salient feature of the different organisational forms is the level of complementarity between wide range of suppliers. This allows for a variety of possibilities for integrating the three sectors: public, private (for profit and non-profit) and farmers groups and associations. Pluralism in agricultural extenstion is a reality and the situation is becoming increasingly complex.

- ❖ Public governed and funded agricultural advisory (all n.MS)
- Private agricultural advisory services (all n.MS)
- Chambers of Agriculture (Czech R., Hungary, Lithuania, Latvia, Slovenia, Poland, Romania – entering just now)
- Other extension providers (applied research org., universities, vocational education centres, specific-branch oriented associations)

# Organization and financing of the advisory system (ASS)

In many new MS, the private agricultural advisors quite frequently offer their support either as individuals or in partnership with the state-funded organizations (e.g. 2004-2006 in Poland).

In most of new MS, in order to demonstrate join-effort approach, private owned (both profit/non-profit oriented) entities must be registered legally accordingly with the state regulation framework.

When provision of advice to reach grant-schemes under RDP is secured by the private agents, then the state maintains a role in subsidizing the due costs. Such reality leads to a quasi-regulated market of advice provision.

### **Capacity development**

- In majority of the new MS, AAS capacity is conditioned by the recognition of the importance of knowledge system amongst national policy-makers and farmer representatives.
- The strenght of advisory support institutions and number of the agricultural advisory agents differ from one country to another. It depends strongly on the national interpretation of policy needs and individual strategies of CAP implementation (at country level).
- The quality of the agricultural advice is mostly depended on the resources available and the level of farmer awareness.
- The quantity of the advisors does not necessary go along with the number of farm-holders or population of the rural community dwellers.

### **Advice quality management**

- Since farmers and other end-users are free to seek/demand/obtain advice from any registered agricultural adviser, the competition that exists among advisers enhances quality of service provison, and what is equally important it also improves the level of accountability between advisor and client.
- Establishment of transparent standarization and certification systems to ensure advisors' skills quality validation, based upon legal solutions which are binding nation-wide (Estonia, Hungary, Latvia, Lithuania, Poland, ???).
- Introduction of a solid ground for the client management system CMS in nearest future, (Estonia, Latvia, Lithuania, Slovania, Poland, ???)
- Establishment of coherent knowledge development and skills improvement models with an open access to the advisors who seek assistance.

  Overview of the agricultural

advisory systems in the new MS

### Methods of service delivery in the new MS

In reality, a combination of different methods is adopted to provide farm advice, but there are differences in the extent to which particular approaches for providing advice are used.

Overall, the main methods that new MS use to deliver the advisory services can be simply classified as follows:

- One-to-one on spot,
- One-to-one by phone line,
- Small thematic group advice, on specific topics (this method is delivered most grequently indoors and much less on farm),
- "Field Days", where farmers meet advisers on farms and receive consultancy on specific topics that are generally demonstrated on the farm).

### Methods of service delivery in the new MS

#### And also including:

- Training courses, workshops, seminars and information meetings, where farmers/advisers are trained or informed on a specific issue usually in a large group and indoors,
- Periodical farm magazines, booklets and brochures, (user-friendly type).
- Internet-based tools (distance education for advisors, web-sites containing detailed information for farmers, interactive info flows).

# Innovations in agricultural advice delivery"

- Development of coordinated operation of knowledge and education centres at the partner institutions and connection of them by internet (in all new MS with various efficiency in real life).
- Implementation of innovative methods and modern tools for knowledge dissemination and advice delivery (like "e-learning" traning methods, website help-desks (Czech R., Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Slovakia, Slovenia, Poland).
- Implementation of internet based decision support systems in crop management, yield marketing (Czech R., Estonia, Hungary, Latvia, Lithuania, Slovakia, Slovenia, Poland).
- Implementation of "e-farm" programme (Czech R., Hungary, Slovakia, Poland).

### Major weaknesses faced at the "start-up"

The impact of economic downturn (transformation in 90-ties) and difficulty with obtaining finance were main barriers for those in the agricultural businesses.

General lack of business minded approach or simply lack of business skills and reluctance to take advice farmers do not trust.

Inaccessible business and technical knowledge appeared quite often a significant obstacle.

### Major weaknesses faced at the "start-up"

- ✓ Rather poor credibilty of public driven extension
- ✓ Rather poor demand driven approach in shaping of the advisory programmes
- ✓ Rather poor farm management advice
- √ Rather poor market analysis support
- √ Rather poor environment-oriented advice
- ✓ Rather poor rural welfare support
- ✓ Rather poor credibility of training needs assessment
- ✓ Rather poor life-skills training
- ✓ Rather poor IT-based advice and interactive exercises

### <u>Agricultural Advisory Service -</u> <u>responding to new challenges</u>

- Number of new MS will be confronted with significant reductions of their rural development budget for 2007-2013, due to the decisions on the EU –27 Financial Perspectives.
- Due to limits in the national envelope available for RD plans, many of the new MS keep aid intensity rates distinctly below the maximum rates possible. Before increasing the aid intensity, it should be carefully analysed whether such incentives are really needed to make the new challenge related sub-measures attractive.
- Strategies and programming should be significantly improved, since the qualitative assessment of the programming of new Measures under reformed CAP, has indicated that the uptake of measures related to New Challenges is often weaker than the extent to which they have been discussed (in the strategy and in SWOT analysis in their RD programmes).

### <u>Agricultural Advisory Service -</u> <u>responding to main/new challenges</u>

- The present tool kit of Measures available under RD appears to be sufficient for the new MS, but uptake of RD funds in 2007 suggests that some of them have budget needs beyond their possibilities – which hamper their responsiveness to new challanges.
- Focus on advantages of the private agriculture sector in obtaining value for money by improvement of interaction between production and distribution systems.
- The new and ambitious EU renewable energy road-map
  has set binding targets that imply the contribution of the agricultural
  sector and which is closely linked to climate change mitigation
  objectives.

#### **Lessons learnt**

- Under communism with state-driven economies, many of their former governments did little to assist the development of sustainable agricultural advisory service systems.
- Even after the transformation in early 90-ties and after EU accession, the public sector agricultural advisory is getting criticised for not doing enough, not doing it well and for not being relevant.
- In the countries with insufficient consultation by policy-makers with grass-root levels and farm-businesses, the credibility of entire AAS might be jeopardixe.
- There are still cases, where education initiatives are encountering opposition from some education policy- makers to attempts at farmers or advisors self-determination in education.

#### **Lessons learnt**

- The debate on the privatisation of agricultural advisory system should focus less on simply choosing between private or public ownership status. The solutions in future need to be applied carefully after a thorough interpretation of local context and choice of best strategies for each country.
- Wherever forms of privatisation are deemed to be useful, this require tested strategies that must be: situation specific (at every country level), multi-dimensional, gradual and flexible if resource-poorer farmers are to benefit at the end of a day.
- It should be made very clear, a large proportion of the farmers found in the new MS can NOT afford the cost of commercial services!.
- Public budget only depended service providers in many new MS are frequently suffering lack of access to sufficient resources and finances; consequent reliance on government schemes is still a barrier for AAS development.

#### **Lessons learnt**

- The future advisors of the public agricultural advisory service should be well paid and have a feeling of job employment stability. At present, due to heavy work-load the reliance on unpaid work advisors are performing and the shortage of necessary tools are making progress more difficult.
- Shortage of contract-tendering skills is one of the most common barrier for effective and timely service delivery.
- In most of the new MS, there is till a need to re-inforce the farmer/user confidence leading towards his/her participative approach, including the process of problem identification, training needs assessment and evaluation of service delivery.
- It has to be admitted, that an effect of building knowledge systems is that participating agricultural advisors have often developed into better advisors having completed a task within given project.

- It can be stated that each of the countries of the former socialist camp
  of the CEE, depending on their chosen way of agricultural
  development and the direction of the present reforms, will create its
  own specific system of cooperation of applied science and agricultural
  advisory in agriculture and rural sectors.
- Whilst it is the responsibility of the competent national authorities to ensure the demanded quality and coverage of the agricultural advisory services in order to assist potential beneficiaries, it would be wise to draw on the experience of our "old-member state" partners (e.g. DAAS, SAC, DEFRA, TEAGASC and other ones).
- Of particular note is the emphasis placed by all the national authorities on the importance of a highly effective communication policy that promote good understanding on behalf of stakeholders of the opportunities open to them, and good networks on the ground, and strong linkages between various agencies and institutions involved in the process.

- Of particular importance will be the role to be played by the research and applied science establishmnets and the whole question of knowledge transfer between research centres and the national agricultural advisory services.
- There will be a rapidly growing demand for the preparation of relevant training modules for both the trainers and the final beneficiaries on reformed CAP (decoupled payments, apllication of cross-compliance, modulation impact, new RD policies and programmes, complementary measures under other EU policies).
- Some education and training, as well as topics such as natural resources management and support in remote areas, for a long time to go are likely to remain in the public domain.

- In the new MS it may prove to necessary to strengthen the role of the state advisory services in the process of the CAP implementation.
   But on ther other hand side it would be imperative to limit ther number and range of the tasks in the implementation of their national policy goals, accordingly to existing context and institutional capacity.
- With a view of satisfying individual needs of farmers, some governments may take decision to support the establishment of additional private offices of advisory and consulting services. This may appear most suitable for the countries which will return to family farms.
- Demand for AAS delivery will depend strongly on farm needs and their financial capacity. If we look forward, the social impact of increased modulation after 2013 (for new entries), inevitably will produce effects on farmers' income.

- In case of the withdrawal of state intervention, the public agricultural advisory services in some countries could be organized within the Agricultural Chambers, which have a long tradition in some new MS (Poland, Slovenia) or in other agricultural organizations of a selfgoverned type /very likely to happen in Poland from January 2009/.
- Much improvement is needed as regards the development of effective dialogue with the key stakeholders and in particular the farmer- driven organizations (specialized thematic WGs, strategic programming groups, etc.).
- Although, there is a growing budget tension to short public finances and all above listed countries are aware that the matter will depend on the available budget in years to come. Insecurity of funding and uncertainty about the impact of future system solutions – are making progress difficult.

- Partly to solve this problem, some other new MS consider to give priority to farmers receiving over 15.000 €in direct payments, in accordance with the Council Regulation 1782/2003. The actual percentage of farming population to be covered, emerge indirectly from the eligibility criteria set up by the national policy makers under lead of the Ministry of Agriculture.
- In most new MS, much stronger focus will be put towards support for those beneficiaries who will be made eligible for the schemes under the II pillar and compelentary instruments available under EU policies (ESF, EFRD, Cohesion Fund: three dimension approach – ensuring well balanced development of the

economy/environment/society (EAFRD).

- Adequate access by farmers and rural people to basic agricultural advisory services is still short in most of the new MS. Generally, the new MS intent to cover as many farmers as possible with Bulgaria, Czech, Lithuania, Poland, Romania, where about two-thirds of the farming population are subject to service delivery.
- A role of for the state in agricultural advisory system will continue to be important in many of the new MS for both economic and social reasons. Most of the new entries have taken into account the "time line" in which the percentage of beneficiaries will be covered.
- Although, monitoring and evaluation of service access and its quality is part of government responsibility, in many cases we still see inefficiency demonstrated.

### **THANK YOU FOR THE ATTENTION!**