

Various examples on innovative financing mechanisms for demand led advisory services

Danish Agricultural Advisory Services (DAAS)

RAS System: Historic development since 1870's; FOs providing advisory system and services; from 1970s FOs created Advisory Service Centres, owned and governed by them; National Centre (since 1981) to provide back-up services.

Financing mechanism: Public grants to FOs for subsidizing salaries of advisers employed by FOs; combined with farmer/user payments; gradually developed to full user payment (2004); back up services and applied research financed through production levies and tax refunds.

Partnerships: Based on partnership between smallholder farmers to be organized in FOs and to provide advisory services; between Government and FOs; partnerships for marketing.

Reference: Chipeta, S. 2015. *Innovations in financing mechanisms for demand-driven agricultural advisory services. Evolution of the Danish Model*. Rome, FAO. Available at: <http://www.fao.org/3/a-i5117e.pdf>

Agricultural Services and Producer Organizations Support Programme (PSAOP) -Senegal

RAS System: Reforms towards decentralized demand-led services; structures, procedures and finances for farmers' demand and negotiation of services by them; the services are based on contractual arrangements between FOs and the AAS providers;

Financing mechanisms: Programme was financed through the World Bank and negotiated by the FOs. Public funding is provided to ANCAR (parastatal), the main service provider; the FOs also have substantial shares in ANCAR; the AAS providers are selected by the farmers or their FOs, but funded through ANCAR. In parallel: public funding to ASPRODEB (NGO founded by the national FO federation) financing the demand process of FOs at community level as well as projects proposed and carried out by FOs.

Partnerships: Tripartite negotiations: FOs, Government and the World Bank. FOs with ANCAR: FOs represented in Board, ANCAR manages fund available for services provided by other providers than ANCAR; FOs with ASPRODEB: FOs submit proposals for financing through the fund managed by ASPRODEB; for each service provided a contractual partnerships is established between farmers/FOs and RAS providers.

Reference: BA, C.O., Faye, A., Diagne, D. 2018. *Les mécanismes financiers relatifs aux services de conseil agricole pilotés par la demande - De la vulgarisation à l'appui-conseil au Sénégal*. Rome, FAO. Available at: <http://www.fao.org/3/CA0900FR/ca0900fr.pdf>

Institute for Agricultural Development (INDAP) -Chile

RAS System: Several reforms since 1978 of public extension services based on shifting Governments' policies; public AAS coordinated by the national institution INDAP who outsources advisory services through calls for tenders; decentralized RAS provision by public and private stakeholders.

Financing mechanisms: outsourcing of advisory services; mainly defined by INDAP, grants managed by INDAP at national level; public and private RAS providers eligible to apply; this public grants mechanism is combined with users' financial contribution (10-20%) to the service provider.

Partnerships: RAS providers need to partner with farmers/FOs to submit proposal call for tenders; a multitude of decentralized public and private service providers, including FOs, emerged through this tendering approach.

Reference: Berdegué, J.A. 2018. *Innovations in financing mechanisms for demand-driven agricultural advisory services - The Chile case, 1978–2014*. Rome, FAO. Available at: <http://www.fao.org/3/CA0423EN/ca0423en.pdf>

Nariño Dairy Products Cooperative (COLACTEOS) -Colombia

RAS system: Producers' cooperative based AAS services; COLACTEOS employs a team of technical advisers; technical services are provided to all cooperative members to ensure milk quality

Financing mechanisms: Compulsory services are fully financed through the benefits from processing and marketing activities of the cooperative; additional services can be requested by individual farmers who then also bear the costs; external providers are contracted for additional services. Farmers have access to credit through guarantee by the cooperative based on production capacity of the farmer.

Partnerships: COLACTEOS based on partnership among farmers (cooperative); Advisors hired by COLACTEOS; external providers contracted by COLACTEOS based on specific farmer request; Partnership with Banks for credit.

Reference: Escobar, G. 2018. *Innovations in financing mechanisms for demand-driven agricultural advisory services. The Case of Nariño Dairy Products Cooperative (COLACTEOS) in Colombia*. Rome, FAO. Available at: <http://www.fao.org/3/CA1232EN/ca1232en.pdf>

Results of the case studies

Relevance: Farmers engaged in financing, planning and governing RAS become empowered to demand RAS that is relevant to them; Demand side financing can make services more relevant, but also depends on enabling conditions.

Effectiveness: Where implementation is successful, effectiveness is seen – as knowledge and technologies are effectively put to practice

Sustainability: Sustainability aspects impact positively on demand drive: Effective demand and a functional market for AAS are crucial.

Good indicators: □ AAS providers available that match the demand and □ farmers/FOs finance or co-finance AAS

Impact: Contributions to farmer empowerment and development of the agricultural sector.

Mixed results – also as a result of the different time perspective (time needed for capacity development); For empowerment the demand side financing mechanisms are crucial, but it also requires adapting and strengthening of institutional set-ups, particularly FOS.

Further reference: Chipeta, S. & Blum, M.L. 2018. *Innovations in financing mechanisms for demand-driven agricultural advisory services. Framework for analysis and synthesis of experiences*. Rome, FAO. Available at: <http://www.fao.org/3/CA1356EN/ca1356en.pdf>

Private sector service providers using satellite data systems (South Africa)

RAS system: Demand for services by private sector (supermarkets, insurances, input providers, mills, etc.) to guarantee supply of agricultural products, to create a staple clientele, etc.; use of earth observation satellite data by GeoTerra (private enterprise) to generate information and maps (crop estimates, agro-climate conditions over time, crop growth status, soil moisture, irrigation, etc.).

Financing mechanisms: Services are demanded and paid for by the private sector (supermarkets, insurances, input providers, mills, etc.)

Partnerships: Contractual arrangement between GeoTerra analyzing and providing satellite data and the private sector that needs these data for sustainable business. No direct link between GeoTerra providing satellite infos/maps and the farmers concerned. The farmers access these services via the private sector with whom they have a contract for supply of agricultural products, purchase of inputs or crop insurance, etc. The international NGO Solidaridad plans to establish global platform which provides remote sensing data, farm profiles, value chain experiences, etc. with direct access by everybody, including farmers.

Reference: Interviews by Blum, M.L. 2018