

Services for Agriculture



Newsletter of the emerging platform on services for agriculture within the Division "Rural Development" (45) of gtz

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On the Air Again!

The *Alliance on Services for Agriculture* proudly presents: **The official Number One Issue of its newsletter!** After the well-received test version published in July and after having made contacts all over the world, we from *the Platform on Services for Agriculture* - a network of colleagues from the central office and abroad - are convinced of the usefulness of such a medium for the exchange of information, views, experiences and knowledge. We are convinced! – are you?

If this newsletter is to fulfill its role as medium for exchange, we will need you, not just as readers, but as co-owners and contributors as well! We, the editorial team, will be happy to edit and publish your contributions related to our topic: Services for Agriculture and Rural Development. So, why don't you take a pen, - sorry, why don't you send us an email - even right now? When and how did you receive this copy of the newsletter? Would you like to subscribe – in the paper form or as an e-mail attachment? Would you like to read it on the intranet? What attracted your interest most, and why? What was boring (please tell us!)? And about which specific topic would you like to get some/more information? We'd like to hear from you!

These days, quite some action is going on in GTZ's central office in Eschborn. One: We all are about to move from one room to another (which, of course, will keep us all fit and flexible!). Almost all collaborators of the 'Rural Development Division' are now together on the fourth floor of house one.

Another: The subdivision 'Agricultural policies and services' (Arbeitsfeld Agrarpolitik, Dienstleistungen in der Landwirtschaft), has prepared a **conceptual paper on Services for Agriculture**. The 70-pages-paper contains two case studies (Bolivia; Philippines) and will be provided

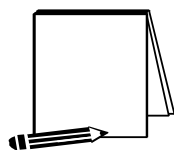
free of charge through the secretariat of the subdivision: Email: helga.schiller@gtz.de; Fax: +49-6196-79-7108, Tel: -1409. So far, only a German version exists. The subdivision hopes to receive plenty of feedback from colleagues, both in headquarters and abroad. Translations to English, French, or Spanish will also depend on your reaction to the paper!

We are convinced that concepts, methods and tools have to be developed and improved in a joint effort of colleagues both in projects abroad and in headquarters. We are convinced that a vivid exchange of experience and knowledge in this newsletter is a key-element to success. **What about you?**

*For the editorial team
Klaus Pilgram
Subdivision Agricultural policies and Services*

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Message Board

News, Questions & Answers Concerning
Service Provision in Agriculture

Books and Materials

"Managing Complex Networks. Strategies for the Public Sector" by Kickert, Klijn and Koppenjan, SAGE Publications, London, 1997, ISBN 0-7619-5548-8.

Addresses the key issue in governance: how do we manage networks? It is increasingly apparent that neither bureaucracy nor markets provide ultimate solutions. Public policy is made and implemented in networks of interdependent public and private actors. The book tries to show how governments can manage policy networks to enhance policy and public service delivery.

"Nonprofit Organizations in a Market Economy. Understanding New Roles, Issues and Trends" by David Hammack and Dennis Young, Jossey-Bass Publishers, San Francisco, 1993, ISBN 1-55542-540-2.

This book explores the various ways in which non-profit organizations participate in a market economy. This includes global issues, such as what role nonprofit organizations play in providing services and how they compete with, combine and facilitate the activities of for-profits. The authors also focus on the relationships between non-profit organizations and business enterprises.

"Client-Driven Change and Institutional Reform in Agricultural Extension: An Action Learning Experience from Zimbabwe" by Jürgen Hagmann, Edward Chuma, Mike Connolly and Kudakwashe Murwira, ODI Network Paper No. 78, London, 1998, ISBN 0-85003-347-0.

This paper describes the development and institutionalization of a participatory approach to innovation development and extension which took place through an

action learning process in Zimbabwe. In order to scale-up this approach through institutionalization within the agricultural extension department, it was necessary to adopt a complex and multi-faced strategy. Some of the authors are members of the Platform Services for Agriculture.

"Partnerships between Agricultural Service Institutions and Producers' Organizations: Myth or Reality?" by M.-H. Collion and Pierre Rondot, ODI Network Paper No. 80, London, 1998, ISBN 0-85003-349-7.

In Mali, Senegal, Burkina Faso and Guinea, partnerships between research and producers' organizations are emerging. Researchers from the four countries met in April 1997 to share their experience and draw lessons from approximately two years of activities to promote such partnerships. This paper presents the findings from the workshop, drawing also on the authors' personal involvement in the four countries. Valuable lessons for all interested in promoting such partnerships are beginning to emerge.

Neuchâtel Initiative met in Mali

The Neuchâtel Initiative, an informal donor consultation on agricultural extension in sub-Saharan Africa, had delegated to French Cooperation the task to draft a „Common Framework Paper“ for future agricultural extension projects. As a donor initiative, it was to be discussed with African stakeholders in agricultural extension. To this end, some 60 representatives of various donor organizations, African ministries of agriculture, farmer organizations and NGO's had been invited to Segou in Mali.

Exchanging their views on agricultural extension systems and the Common Framework Paper, considerable differences between anglophone and francophone participants were emerging. In francophone countries, farmer or producer organizations are well established and self confident enough to voice their interests and are partly able to hire their own staff and render services to their members. In most anglophone countries this can only be found where export crops like cocoa, tea, coffee or

tobacco are involved. The discussions opened up to look at the role of the state in agricultural extension. The Common Framework Paper gives a lot of room for pluralism in extension, whereby pluralism means that various organizations render extension services to different groups of farmers in a participatory manner. The support and strengthening of farmer organizations is also strongly advocated in the Paper. The exchange of views especially across language borders was considered by all participants as very essential.

Project Visits to West Africa

Dr. Schütz, project coordinator of the sectoral project 'Agricultural Extension and Knowledge Systems' within the *Alliance Services for Agriculture*, during November and December visited four Countries in West Africa: Mali, Côte d'Ivoire, Ghana and Benin. The *Alliance* and its services and support to programs and projects was explained during presentations for the agricultural groups in the countries. Individual projects with a focus on extension were visited and discussion were held about conceptual support and cooperation.

During the visit it was agreed for **Côte d'Ivoire** a regular cooperation with the *Centres Metiers Ruraux* in terms of regular exchange of ideas and commenting on conceptual design for the new phase. With *PRADER Nord* the details of the cooperation are still to be defined, a general declaration of intend for cooperation was agreed. Cooperation will also start with the projects Promotion of Rice Farming and *Parc Tay*.

With the agricultural group in **Ghana**, a number of concrete cooperation were defined. *Alliance* staff will join the pre-appraisal mission for the national extension project in Spring '99. With the *Integrated Crop Protection Project (ICP)* and the *Sedentary Farming Systems Project* common workshops for defining extension strategies for each project in May '99 were agreed. Furthermore, the elaboration of a ICP training manual will be supported as well as a re-edition of the famous extension handbook from the seventies. The decentralization process for the agricultural sector will be supported by drafting a decentraliza-

tion manual for the district setup and accompanying the implementation.

In **Benin**, most of the projects in the agricultural sector are in their final stage and being phased out in '99. New projects in agricultural research and provision of services are to start. The participation of a member of the *Alliance* in the project finding mission has been suggested.

Talks with Rural Development Group in Sri Lanka

Cooperation with the RD Group in Sri Lanka was on the agenda of Mr. Häbig, project coordinator of the *Alliance's* sectoral project "Governance of Service Systems in the Agricultural Sector", when travelling to Sri Lanka in September. The RD Group consists of seven projects from innovation in rural banking to agricultural research. In its thrive to establish a coherent program for rural development, the group is working on global issues like

- the role of Government and public sector in the transformation process towards more market orientation of the economy,
- promoting a stronger role of the private and not-for-profit sector in the delivery of services for agriculture,
- renovation of the concepts applied to integrated rural development on a regional basis.

As well as with the RD Group in Sri Lanka, cooperation was also agreed upon with the newly formed working group on service systems for agriculture within the RD Network Asia.

The talks took place in Kandy during Mr. Häbig's journey to Sri Lanka as head of the project progress control mission in the Smallholder Integrated Livestock Extension Program (SILEP).

Meetings with "green" Projects in Latin America to be held in January

On January 12th, Mr. Häbig will meet colleagues from "green" projects in Ecuador. The meeting will take place in the GTZ-office in Quito and focus on identifying joint activities as well as opportunities for the exchange of experiences with and the support through the *Alliance Services* for

Agriculture. A similar meeting will be held in Lima, Peru, shortly after the event in Ecuador. The meeting in Quito is coordinated by Dr. Arthur Zimmermann (iniapgtz@impsat.net.ec), the meeting in Lima by Dr. Alonso Moreno (proapa@oia.minag.gob.pe).

Under Investigation: Privatization of Services

The privatization of services in **Kenya** and **Peru** is or soon will be under investigation through joint-ventures with the Alliance Services for Agriculture.

In the **Kenyan** case, the current process of public sector reform has led the Ministry of Agriculture into a review of its functions and the services it so far has delivered. Part of these functions have been defined as core functions and will be maintained, others are to be delegated to the private sector. Our research traces the logic of this process and tries to draw conclusions relevant to organizations facing similar challenges.

The government of **Peru** started privatizing agricultural research and extension in the early nineties. With a gtz-supported project in the Ministry of Agriculture, it was agreed that the *Alliance* will support the analysis of the impacts of this privatization policy through back-up by its members and the financing of additional experts for carrying out field work. The joint analysis will start in spring '99.

Adapting CEFE Training Set for Agriculture

At the Third International CEFE conference it was agreed that a small working group will be formed to adapt the existing CEFE modules for their use with farmers and rural entrepreneurs. The group will meet in Central America in February/March '99 and start its work. It will consist of Uwe Weihert from the CEFE Project at headquarters, Dr. Paul Schütz from the *Alliance*, Bengt Bohnstedt, a GTZ agricultural expert on agroprocessing based in El Salvador, Marita Brömmelmeier, GTZ expert in small and medium enterprise promotion and CEFE trainer based in Nicaragua and Hans-Peter Kreuchauf, GTZ vocational training expert in Venezuela.

Working Group on Vocational Training/ Training for Rural People

Currently, GTZ is implementing two formal vocational training for agriculture projects in Morocco and China and one non-formal training project for rural people in Côte d'Ivoire. In addition three project applications (Nicaragua, Madagascar, Ghana) for formal and non-formal training have been received and two of the three applications have been already appraised.

The increasing number of training projects and their differing concepts triggered the initiation of a working group on training in agriculture. The training group includes colleagues from the vocational training division and the rural development division who will give support to the design of training projects and define key elements for training projects.

SELLER Sector Network Meeting 98

From November,9-13 1998 GTZ and consulting experts on agriculture and rural development in Central and Eastern Europe (CEE) and the New Independent States (NIS) held their network meeting in Halle, Germany. SELLER stands for „Strategische Entwicklung der Landwirtschaft und des ländlichen Raumes in den Reformländern“ (Strategic Development for Agriculture and Rural Areas in Countries under Transformation). The main topic was private-public partnership in Central and Eastern Europe. The *Alliance for Services for Agriculture* participated in the network meeting and presented to the participants its services and opportunities for co-operation. Following the presentation a number of joint actions were agreed:

- Analysis of the agricultural service landscape in Bosnia (3 projects);
- Analysis of the agricultural service landscape in the enclave of Kaliningrad, Russian Federation;
- Analysis of the agricultural service landscape in Azerbaijan;
- Training in agricultural extension methodology for Ministry of Agriculture in Azerbaijan.

The joint action in Bosnia has already started and will continue in 1999. The

activities in Kaliningrad are scheduled for March '99 and in Azerbaijan for May '99.

Scientific Board of SELLER held its Annual Meeting in Almaty, Kazakhstan

SELLER (Strategic Development for Agriculture and Rural Areas in Countries under Transformation) has established a scientific board as advisory body. The scientific board includes scientists from Russian Federation, Hungary, Romania, Kazakhstan and Germany with a well established reputation in agricultural and rural development in countries under transformation. The meeting took place in Almaty in Kazakhstan from October, 18-23, 1998 and was the fifth meeting of its kind. The major topic was: change of behavior as a prerequisite for successful transformation in agriculture. The preparation of the conference was supported by the Alliance in terms of organizational support and identification of suitable resource persons for the major topic.

The conference started with reports on the state of transformation in the agricultural sector in Eastern European, Russian Federation and Central Asian countries. The key note on change of behavior and its determinants was given by Prof. Schlagheck from the German Federal Ministry for Food, Agriculture and Forestry. Here only few points of his paper shall be highlighted. A more elaborate discussion of the issue shall be included in the coming newsletter. In the context of change of behavior four dimensions were discussed.

- Global dimension
- Societal dimension
- Institutional dimension
- Individual dimension

Looking at the individual level, the question was raised why should people abandon their routine behavior? Reasons can be:

- To ensure physical and economic survival of individuals or groups;
- To ensure safe and sustainable resource base, safe potable water, fuel etc. or
- To improve from the actual level of performance to the level of the economic potential.

Any drive for change meets resistance. Generally three strategies can be pursued to effect change of behavior:

- Power Strategy

for target groups without intention to change or consciousness of the problem.

- Promotion Strategy

for target groups that are ready to change out of economic motivation.

- Communicative Strategy

for target groups that have a great wealth of knowledge and that are accustomed to think rational. Here strengthening of self-reliance is a promising way.

Training Event on Service Orientation

From June, 23rd to 25th 1999, a workshop on service orientation will be held in GTZ headquarters in Eschborn. It will deal with issues concerning the quality of services and define initial steps of service orientation for development cooperation projects on the basis of selected case studies. If you are interested in getting more detailed information, please contact Manfred Häbig (manfred.haebig@gtz.de). The documentation of the 1998 event can soon be found in the Intranet or received through the *Alliance*. Good for constrained budgets: the course fee will be DM 600,- per participant only.

Related Training Events***

Successfully Implementing Sustainable Development - Systemic Thinking, Cooperation and Team Building

Course Language: German

Date: 16-19 August 1999, Place: Bonn

Course no: 210 99 01, Cost: DM 1,200

Registration via PVI / Bonn (address see below).

Over the past few years, Dennis Meadows, Co-author of the Club-of-Rome report "The Limits to Growth", has developed a training scheme on sustainable development that has meanwhile been tested with participants from more than 30 countries. The GTZ Pilot Project Institution Development in Environment (PVI) has co-operated in adapting the workshop design to GTZ requirements. In November 1998, the course was conducted in German for the first time, and it was very positively received by the participants. In cooperation with LEAD International, the

course will also be held in a number of developing countries in 1999 and 2000.

Working in sustainable development means dealing with complex systems. The significance of this, and its implications for technical co-operation are at the center of the course. As far as possible, we do without verbal inputs and instead use computer-based simulations and role games that allow participants to experience the implications of complexity. Central elements of the course are a number of simulation and strategy games that approach the issue from various perspectives.

Mediation and Environmental Dispute Management

Course Language: English
Date: 23-27 August 1999, Place: Bonn
Course no: 211 99 01, Cost: DM 2,500
Registration via PVI / Bonn (address see below).

This course has been held very successfully for a number of years; the issues it deals with are of major importance for nearly all fields of development co-operation. The training program was developed by Susan Wildau and Chris Moore of CDR Associates, Boulder, USA, who both have extensive mediation as well as training experience in industrialized and developing countries. The course has been held many times in Germany and abroad, and it is permanently being adapted to GTZ requirements.

At the heart of the course are tools for dealing with complex issues, mostly related to the management of natural resources, which are used in the scope of simulations and role games. Culture specific patterns of communication receive particular consideration.

Environmental Communication

Course Language: German
Date: 30 August - 01 September 1999, Place: Bonn
Course no: 220 99 01, Cost: DM 1,000
Registration via PVI / Bonn (address see below).

The issue of environmental communication increasingly forms part of project design under the heading of "sensitization" and "awareness creation". Implementation, however, often turns out to be difficult, as neither the "what" (are we actually to do) nor

the "how" (should we do it) are sufficiently well defined. The course specifically deals with these questions and shows how communication and public awareness creation can become powerful policy instruments. At the center of the course is the step-wise definition of a communication strategy and its integration into on-going project planning. This will be illustrated with the help of practice-oriented case studies.

Establishing Effective Environmental Management on Community Level

Course Language: German
Date: 19-23 July 1999, Place: Nürnberg
Course no: 221 99 01, Cost: DM 2,500
Registration via PVI / Bonn (address see below).

Cities, towns and communities play a key role in implementing policy measures for the management of natural resources and the environment. Their structures are immediately effective, and it usually belongs to their tasks to implement environmental policy measures on the local level. The many Local Agenda 21 processes are probably the most important and visible impact of the 1992 Rio conference. In the scope of development co-operation, community-based environmental management has gained particular importance due to the decentralization processes to be observed in many developing countries.

With this background in mind, the former head of the environmental department of the city of Nürnberg, Dr. Frank Schmidt, will offer suggestions for planning and implementing community-based environmental policies, based on the experiences of a German town.

Contact address for information and Registration of the Related Training*:**

GTZ Pilot Program on Institutional
Development in Environment (PVI)
Wachsbleiche 1
53111 Bonn / Germany
Telephone: +49-228-985 330
Fax: +49-228-985 7018
Email: gtzpvi@aol.com



Topic in Focus

A new approach to technology development and innovation

Results of a feasibility mission to Rangpur, Northern Bangladesh

1. Background

From October 7th to October 30th 1998, an appraisal mission was carried out in Bangladesh to appraise a proposal for a "Marginal and Small Farm Development" project, submitted by the Bangladesh Government. Bangladesh is just starting to implement a new agricultural extension policy which gives a much greater role to NGOs and the private sector. At the same time, the lack of improved and locally adapted technology has been identified as a major constraint to further progress of farmers, especially after they have covered their credit needs. Overall, agricultural producers in Bangladesh appear to be quite innovative but small and marginal farmers still have only limited access to services. Technology development and dissemination activities are presently carried out by a relatively large number of government, non-government and private organisations in Bangladesh. Given the demand for technical change in agriculture and the diverse array of organisations involved in transforming Bangladesh's agriculture, the study provided a unique opportunity to utilize a systems approach to agricultural innovation.

2. Innovation Avenues and Innovation Systems in Bangladesh Agriculture

Looking at the characteristics of the agricultural innovation process in Bangladesh, it is possible to distinguish fairly separate areas or innovation systems, each with a peculiar social network of farmers and organizations organized around a common interest in agricultural progress. This common interest often focuses on a particular commodity (especially paddy rice) or has to do with developing the hitherto underutilized natural potential for irrigation and crop diversification. Particular market

opportunities (e.g. the demand for high-value food) and the idle manpower of landless and marginal farmers also provide a focus for innovation and technical change.

Depending on the field of innovation, one can observe more or less closely knit networks of NGOs, seed producers, input dealers, farmers and (sometimes) research institutions. The co-ordination of these different actors emerges as the consequence of market development and one particular actor (often NGOs) taking the lead. Agricultural innovation in Bangladesh can thus be described in terms of "innovation avenues", i.e. fields where technical change has been going on and people have linked up to promote innovation.

The study team identified four major innovation avenues of relevance for the target groups:

- (a) Cereal improvement
- (b) Crop Diversification and Farming Systems Development
- (c) Agricultural Income-Generating Activities, and
- (d) Development of agricultural industries and services.

For each of these areas the respective development potential, the type of technology concerned and the network of actors was identified. Differences in their relevance for small farmers were spelled out as well. Innovation avenues thus form a common ground for understanding and a unit of analysis that can be used to identify project strategies.

The problem analysis of innovation systems in Bangladesh showed that co-ordination and co-operation between the organisations is insufficient and limits the diffusion of existing technologies. NGOs and the government could benefit much more from comparative advantages on both sides. Despite the progress made in developing improved technologies for poor farmers, the access of marginal and small farmers to technology and technology-related services still remains limited. For them, the core problem is the integration into the innovation process.

3. Project Options

The discussion on project strategies is not yet concluded. So far, two options for a possible new project are on the table. In both cases, the innovation systems perspective provides a conceptual framework.

Option 1 puts the focus on the role of public extension services and NGOs in a spatial perspective and aims at strengthening their services across innovation systems. It would assist in the implementation of the new extension policy and improve the provision of group-based research and extension services in line with the development approach adopted by NGOs. Group formation and training form the entry point of co-operation between the support agency and clients.

Option 2 focuses more strongly on improving the availability of location-specific technologies. This approach requires strengthening linkages between the organizations engaged in particular innovation systems: At producers level by relying on integrated service delivery through NGOs and on the integration of small entrepreneurs, at higher level by better linking the different sources of knowledge and technical support in the respective innovation system. Based on improving linkages in selected innovation systems, it will cover a wider area in Northern Bangladesh.

Andreas Springer-Heinze



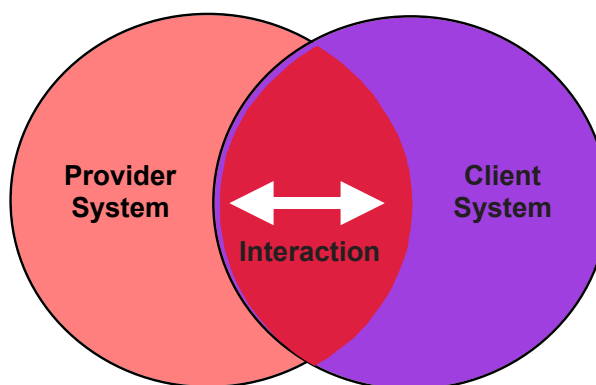
Topic in Focus

Development problems of agricultural innovation systems

The interdependence of agriculture and services

There is clear evidence that the development of agricultural production and the development of agricultural service systems supporting technical change are highly interdependent processes. The history of agriculture shows that with growing production intensity, non-agricultural activities such

as research, input supply, processing and information assume an ever increasing importance. The more advanced agriculture, the greater the interaction – so that over time an agricultural service system (or, more specifically, innovation system) develops. The following (very schematic) model shows its major components, the client (demand) side, the service provider (supply) side and their linkages.



Criteria for a functioning agricultural innovation system

Two criteria can be used to describe a functioning innovation system:

a) First of all, there needs to be a **potential for technical change**. Market forces, natural resource conditions, infrastructure and social factors have to be favorable for innovation. Otherwise, no effective demand for technology and hence no incentive for funding research and extension can be expected – service organizations will tend to degenerate.

b) The second point is a **balance between the size of demand and supply**. A self-supporting innovation system implies a reciprocal relationship between farmers and services. The organization and costs of research and extension services should be justified by the effective demand of farmers and by the proven potential for change.

Typical problem situations

In the agricultural sector of developing countries these criteria often are not fulfilled. Typical problems encountered are either a low degree of the overall development of

both agriculture and the service sector – or the persistence of major imbalances between demand and supply of technology showing that the service side is not well connected to the farming community. The following analytical matrix allows to classify three basic problem situations and to compare them to the desired state of an innovation system:

Table 1: Typical problem situations in the development of innovation systems

	<i>Low agricultural and market potential</i>	<i>Existing potential for technical change</i>
<i>Equilibrium between demand and supply of technology</i>	Problem Situation 1: Low-level equilibrium	Desired state of the agricultural innovation system
<i>No equilibrium</i>	Problem Situation 3: Oversized innovation services systems	Problem Situation 2: Unsatisfied demand, low capacity

Situation 1: Low-level equilibrium

The 'low-level equilibrium situation is characterized by a marginalized farming community with little incentives and/or a low potential for productivity increases. Smallholder farmers operate under difficult and heterogeneous conditions and are cut off from markets and private services – and they hardly receive attention from public extension agents neither. Technology often is not the major problem and the demand for it is low. This is a trap situation that can be found in much of Africa and also in marginal upland areas of South America and Asia.

Situation 2: Potential technology demand is not satisfied

In this situation farmers do have a potential for increased productivity but fail to realize it because of lacking support services. The latent demand for technology does not induce the development of technical, extension and research services because of market failures and the low degree of service system capacity. This can be due to the public good nature of the technology needed or because demand is very small-scale, irregular and dispersed and the market size for (smallholder) technology is too small to justify the costs of private sector entry into the service market.

Situation 3: Public research and technology transfer systems oversized and/or not addressing smallholder problems

Here, governments already fund and support public research and extension services, yet for parts of the farming population who either do not yet possess the conditions for sustained productivity increases, are unable to voice their demands or where complementary services are missing. Producers do not react adequately to the investment in research and extension. As a result, public funds are not used efficiently – and there are few linkages. The typical problem is the dissociation of research institutions and extension agents from the farmers. The service sector is oversized compared to agricultural production.

Consequences for research and extension policies

If we want to develop research and extension in an institutionally sustainable way, the interdependencies between the farming side and the services side need to be carefully considered. The principle should be to work towards the evolution of an agricultural innovation system in line with the development of agricultural production. The different problem situations suggest that strategies to develop an innovation system can take quite different courses, depending on the agricultural growth potential and the origin of the disequilibrium between agricultural production and the service sector.

In a low-equilibrium situation, the development strategy has to concentrate on removing political, economic and social constraints to innovation. Research and extension organizations should redirect their services away from disciplinary research and technology transfer towards empowerment, education and poverty alleviation measures.

In a situation of unsatisfied demand for technology, the emphasis is on correcting market failures and supporting service supply by private sector and Third sector organizations. It also includes to strengthen public funding, steering and provision of

services, so that public research and extension offers are better tailored to the needs of particular farmer groups. However, it is important to measure public investment carefully in order to avoid creating situation 3.

Where public service systems are oversized, the primary strategy is to reorient and to reform public service provision and governance. The reform of public sector institutions will have to be initiated by government – and would typically include decentralization, commercialization of services, cost recovery or competitive funding.

(For a full version of this article and more detailed information about tools to be used to analyze innovation system problems and development options, please contact the Alliance „Services for Agriculture“).

Andreas Springer-Heinze



Topic in Focus

Extension Service Delivery to Organic Farmers in China

The project “Development of Organic Farming in China” has the objective to establish an extension system adapted to the special needs of organic farming. It therefore asked for support from the *Alliance Services for Agriculture* with regard to aspects of steering and organizing the delivery of specialized extension services.

This extension service will have the task to enable farm enterprises to reach and maintain the international standards for organic farming products. Only then will farmers receive the corresponding certificates and the products can be internationally marketed as organic farming products. To get these certificates, special treatment of crops and animals is obligatory. Furthermore the basic concept of the “closed system” limits the usage of external inputs. A conversion plan must be elaborated for all farms changing from conventional to organic farming. The products require special markets, process-

ing methods and marketing channels. All information needed to meet these challenges should be delivered by the extension service.

Organic farming is a niche activity of farmers spread all over China – and so is the demand for specialized extension services. The challenge is the provision of services to all clients wherever they are located. An own extension body, working all over the country can not be managed nor financed in a country with 1,3 billion inhabitants on a 10 million km² surface. The needed advice can only be assured via an existing extension channel and an additional mobile team.

As privatizing former government owned enterprises is a major task of the Chinese government, which ordered the privatization of 20.000 state owned firms from July to December 1998, the new extension body can not be fully state-owned nor funded. The establishment of a new extension service demands therefore a self-financed and managed institution.

A membership organization will therefore be founded which provides the demanded extension service, working in three different settings. First, if a number of farmers in a county convert from conventional to organic farming, the extension workers of the Ministry of Agriculture (MoA) can be trained to deliver the demanded services. Advisers and technicians of the MoA service can get a “topping up” pay which will depend on the certified organic products grown in their intervention area. This is demanded as they waive another “topping up”, currently earned out of chemical marketing, if they deal with organic farming. A second linkage to deliver information and advice to the farmers is the co-operation with firms producing organic products. These firms work by out-grower systems, contract farming or in close co-operation with local governments which still have a strong grip on local farmers. The firms have employed extension workers who can be trained in the necessary techniques. The third channel of extension service delivery will be a mobile team of specialists operating all over the country guided from the central co-ordination organization.

The relatively easy to survey niche of organic farming allows farmers, local governments, producers, processors, exporters and marketing firms to closely work together. The different stakeholders are all interested in increasing the product quality standard. The enhancement of the standard is, all stakeholders recognize this, only possible if extension and advisory services are delivered to the producers. As the organization seems to be feasible and manageable, the financial issues have to be tackled. The member-fees of the organization will be linked to the certifiable products of the member. Depending on the number of certifiable products, the member will get a book of vouchers. The vouchers will be sufficient for the advice in technical questions, necessary to ensure the standard required for the certificate. New certification applicants will be forwarded to the extension organization by the certification organization. The certification fee can be limited, as the certifier does not play the double role as a certifier and adviser, which was done before. On the other hand all firms working in the field of organic farming always contact, get information and pay the extension organization. A win-win situation results for all participants in the service network, opening the chance for a creative and sustainably financed extension service.

After this first and successful short-term mission of an "Alliance" staff member, cooperation with the project will continue in 1999. We shall make available experiences and conclusions for interested colleagues in forthcoming newsletters. Don't hesitate to let us know your specific interests.

Dominikus Collenberg



Topic in Focus

Small agro-producers and entrepreneurial development

In Belo Horizonte in Brazil the Third International CEFE Conference took place from September 14-18 1998. The central topic of the conference was on sustainability and

outreach of enterprise training in a changing world. CEFE is a sector project at GTZ headquarters and is active since almost 15 years. CEFE is also a comprehensive set of training instruments, developed by the CEFE project. The training set is designed to simulate positive interventions in the small and medium enterprise development process. It uses experiential learning methods to develop and enhance the competencies of existing and potential entrepreneurs. In the past, CEFE has concentrated on the urban and peri-urban population as a target group and set up a network of CEFE trainer and trained entrepreneurs.

In the future, CEFE intends to cover also the rural areas and agricultural production. *The Alliance Services for Agriculture* was asked to participate in the conference and represent the resource for the agricultural sector and give a paper on the specifics of agricultural production and the potential for the CEFE approach. This is a short summary of the main points of the paper:

The rural scenario

Rural populations are outnumbering urban populations and they are likely to outnumber them for the next 20 years.

Poverty is largely rural. There are 1,3 billion people living on less than \$1 per day. Three out of four poor people live in rural areas and some 800.000.000 do not have sufficient access to food.

Agricultural production is the economic backbone of the rural areas and national economies of a considerable number of developing countries and accounts in many cases for more than 50% of the employment.

Agricultural Production is different

Agricultural production depends more than any other sector on factors that are beyond control of man. The determining factor of agricultural production in tropical and subtropical countries is rainfall and its distribution during the cropping period. Agricultural production in this climatic zone is subject to a number of effects like floods, dry

spells, pest epidemics which attack crops as well as epidemic diseases that affect live-stock like rinderpest, food and mouth disease or anthrax.

Another determinant for rain-fed agricultural production is the seasonality of production and the duration of production cycles. The seasonality of agricultural production reduces the flexibility to adjust ongoing production to changing market conditions and it requires pre-financing of production for a considerable period.

For small agro-producers of the developing countries the process of globalisation that goes together with liberalisation of market systems materialised in the structural adjustment efforts in the agricultural sector. Structural adjustment meant and means privatisation of public institutions, reduction of subsidies for agricultural inputs and opening up of markets for imports of agricultural products.

The privatisation has concentrated on profitable sub-sectors and left a vacuum where services had been a public good before. The reduction of subsidies has caused the prices of external inputs for agricultural production like mineral fertiliser and agro-chemicals to rise. On the other hand the terms of trade for agricultural raw products have worsened and lead to decreasing local prices for agricultural produce with increased production prices at the same time.

Farmers are different

Small agro-producers in developing countries operate in a quite complex farm-household system. It is estimated that about 90% of the agricultural population in developing countries live in such farm-household systems. Only about 5% are considered exclusively subsistence oriented whereas the 90% are subsistence oriented with market integration. Only 5% are purely commercial farm enterprises.

Farm-household systems are operated by farm families that realise most their income through agricultural production. Almost all labour-demand for production is satisfied by provision of family labour. Farm-household

systems are more a way of living and securing family subsistence than creating economic profit through production.

Decisions are strongly influenced by the risk of production and are taken on the basis of knowledge and vision of the environment of the farm-household system. The high level of uncertainty and risk leads to a risk adverse behaviour. The first priority is securing the subsistence of the farm family. It means usually a diversification of production. This has as a consequence lower productivity but also a lower variability of family income.

Training farmers

In almost all developing countries agricultural practices are learned by following the father and copying what he is doing.

Traditional agriculture disposes also about a vast knowledge, which we call indigenous knowledge and most farming systems represent an equilibrium from the farmers perspective with what they want and what is possible under their specific conditions.

Most governments of developing countries have established public extension services. The extension service is and has been a mean to implement agricultural policy that focused on increased agricultural production for local consumption and export. Increase of production should be achieved through the use new technologies like new seeds with a higher yield potential and use of agro-chemicals. The innovations are usually considered to be of equal benefit and relevance for all farmers if only being applied according to recommendations. The transfer of technology was organised in face-to-face training of individual or groups of farmers. Experiences in the past show that adoption rates have been quite low and not sustainable.

Training of farmers in order to be successful, needs to take into account that the needs of farmers differ from one another. There are farm-household systems that have a good potential for developing further into the market system and increase income through agricultural production.

Other farm-household systems do not offer much development potential and here training and services take more the form of social services within rural development efforts to help farmers find a way of leaving the vicious circle of poverty through empowerment and strengthening self-help capabilities.

Agricultural Services

Agricultural production is closely tied to upstream factors (e.g., supply of inputs and credit and collective resource management) and downstream factors (chiefly processing, storage, transport and marketing) and depends on adequate access to resources, goods and services. This is also true in underdeveloped, pre-industrial agriculture as it is to be found in broad areas of the tropics. Apart from extreme cases - now rare - of encapsulated, autonomous village communities, not all of these services are supplied by the farmers themselves.

Agricultural production and product processing and the services that accompany them function interdependently in economic terms. Looking back on development in the industrialised countries, it becomes clear that production, services and processing developed parallel to one another. The extent and role of the various agricultural services is therefore the key to the drawing of conclusions about the state of agricultural development as a whole. In general, services should not only be considered as a result of development and economic growth but rather as their basis as well. Services are the glue that holds the economy together. If agriculture and rural areas are to be advanced on a sustainable basis, not only must agricultural production be kept in mind, but also appropriate development of agricultural service systems must be made so that a viable overall agricultural system can come into being.

Potential for the CEFE concept in rural areas

Three strategic areas or clientele for an engagement of CEFE in the rural areas can be identified:

- Rural dwellers that have contact with agri-

culture but rather in the upstream or downstream activities.

- Farm families that extend and discover new opportunities and options to earn additional income with available resources and skills.

- People that render services to agriculture and develop into commercial and professional service provider.

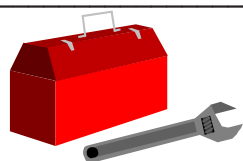
Concerning the first two parts it implies that CEFE should be ready to train illiterates. Many developing countries have still considerable portions of the population that are not able to read and write. The larger part of the illiterates can be found in rural areas and still often enough farm families depend on the labour of the children for farm work and therefore do not school them. Under gender aspects one can say that schooling rates for girls are still significant lower than for boys.

Judging the potential for entrepreneurial development in rural areas should be done only with a profound knowledge of agriculture.

If the CEFE movement wants to get deeply rooted in rural areas and to contribute to poverty alleviation in the rural areas and work with farmers, CEFE has to meet the farmers where they are. And CEFE needs to link up with other organisations like agricultural extension services, private service providers, farmer organisations, co-operatives and NGO's. These partners transport the message of the CEFE potential and usefulness and help linking up with farmer groups for training and networking.

A longer version of the paper has been published in: *Brainstorm* 3-4/98; the paper is available at: <http://www.gtz.de/cefe>).

Paul Schütz



Tools and Concepts

Managing Change in Public Service Provision

In recent years, government-centered models of development, whereby the public sector dominated the provision of many **services for agriculture**, are giving way to **new institutional settings**. They increasingly allow for service provision by private enterprises and non-profit agencies. However, where private and non-profit actors are still too weak to replace a public sector in retreat, where people don't have the money to buy services, or where public goods and development goals are to be pursued, markets alone often fail and governments will have to continue playing a role in or even operate service delivery.

The challenge is twofold:

- To restructure public organizations and systems by creating a framework that allows public organizations to become more efficient, and
- to harness the strengths of the various actors in order to build or support sustainable service systems.

To this end, private business management tools are not sufficient. For one reason, because bringing about such a change requires extensive political effort. And for another reason, public sector often creates the incentives that make the individual public organization act in bureaucratic ways. Until this framework is changed, it is very difficult to achieve an entrepreneurial organization. Managing change in the public sphere therefore often has to focus on the larger system before intervening into individual organizations.

Part of the following tool has already been presented in the test version of our newsletter. For your convenience, we today publish the complete document.

Manfred Häbig

A Checklist for Managing Change¹

The following **checklist** is based on experiences with **restructuring of public service delivery** in some developed countries. Differences with regard to your specific country and situation notwithstanding, it might offer you ideas and a framework on how to structure an analysis leading to new insights on

- Public sector reform
- Improved service systems
- Better policy implementation or delivery

1. Who are the clients? Who demands the service? Who 'consumes' the service? Who pays for the service?

🔔 Where people cannot or are not willing to pay for a service, the functions of demander, consumer and payer often fall apart and are exercised by different people or organizations (function splitting). This usually turns the steering or governance of a service system into a complex challenge.

2. What are the expected services?

3. Should government play a role in producing those services? What are your criteria?

🔔 Nearly every service we normally consider as being a 'typical public service' has been in the past or is, in some corner of the world, a service delivered by private or not-for-profit actors. The decision of whether or not government should play a role in producing a certain service will therefore - also - be a political one. This has far-reaching consequences for the design and steering of the decision-making process and the actors that should be involved in it.

⇒ If NO: Eliminate existing policy, function or service and leave things to the market

⇒ If YES: carry on with question 4

¹ This checklist is inspired by the following publication: Osborne, David and Plastrik, Peter. *Banishing Bureaucracy: The Five Strategies for Reinventing Government*. Addison-Wesley, Reading, 1996. ISBN 0-201-62632-2.

4. Should government operate the delivery of those services?

⇒ If NO: Try to find ☞ (A) Alternatives to public service delivery;

🔔 here, it is important to state the variety of options available!

⇒ If YES: carry on with question 5

5. Which level of government should deliver the service? National? State/ Provincial? Regional? Local?

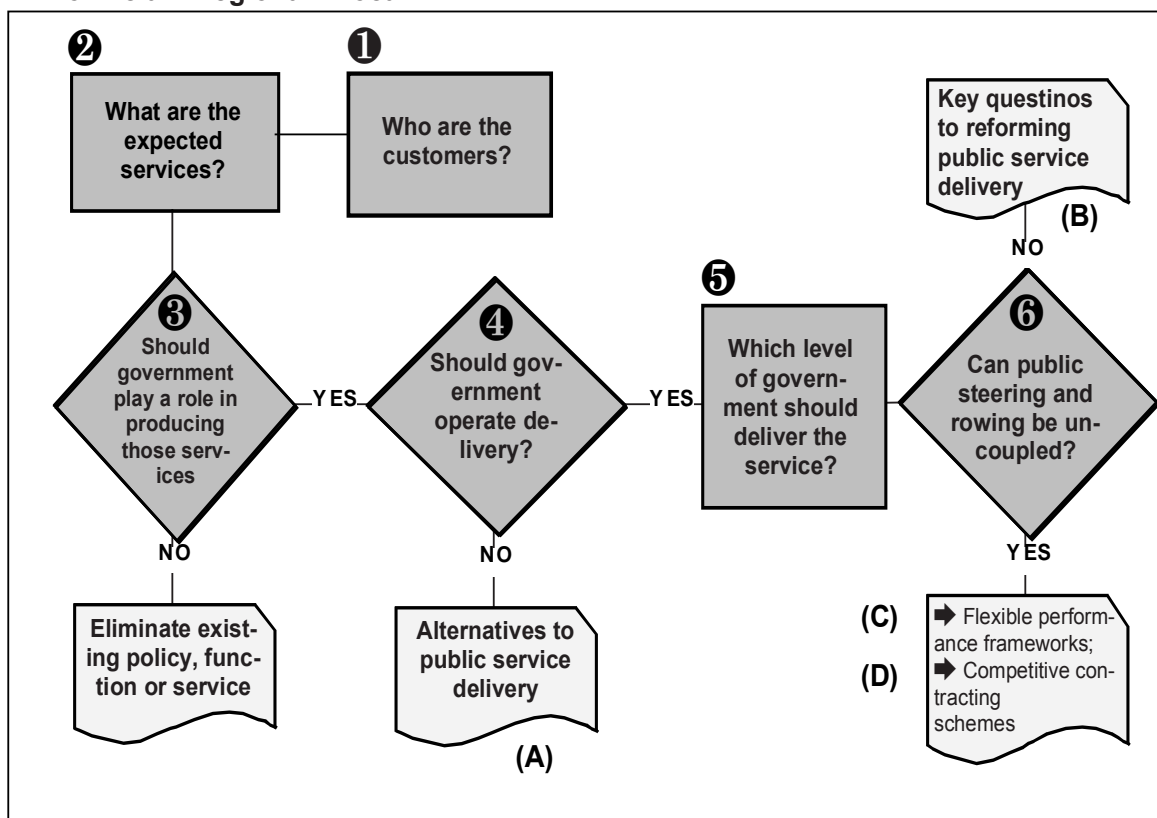
recommended to separate steering from rowing and service-delivery from compliance functions.

⇒ If NO: Answer the checklist ☞ (B) Key questions to reforming public service delivery

⇒ If YES: Analyze the following options:

☞ (C) Flexible performance frameworks

☞ (D) Competitive contracting schemes



6. Can the public steering and rowing roles be uncoupled?

🔔 In specialized Anglo-Saxon literature, we often find the policy and regulatory functions being addressed as *steering*, and the service-operation and delivery as well as the compliance functions being addressed as *rowing*. Steering, in this context, means setting a direction, defining the purpose, goals, and performance standards of organizations, and holding them accountable for meeting those objectives. Based on the assumption that organizations will be more efficient once they concentrate on only one purpose, as a 'rule of thumb' it is

The Options derived from the Checklist

☞ (A) Alternatives to public service delivery (examples):

1. **Contracting out:** Public-versus-private competition for the provision of goods and services paid for by the public sector;
2. **Regulation** of private and non-profit sector activities;
3. **Tax incentives and disincentives** to private and non-profit service providers or the 'consumer' of those services;
4. **Subsidies** to private or non-profit service delivery organizations;

5. **Subsidies** to the 'consumers' of services (e.g. voucher schemes);
6. **Policies allowing use of public property** by private or non-profit service providers (indirect subsidies);
7. **Risk sharing** to lower the risk taken by private or non-profit service providers in serving markets of public interest;
8. **Technical assistance** (e.g. publicly funded research and/or extension);
9. **Demand management** through fees and taxes;
10. **Catalyzing voluntary service-delivery;**
- 11 **Public-Private Partnerships** (also known as PPP; they are joint-ventures between government and private or non-profit service providers).

☞ **(B) Key questions to reforming public service delivery:**

1. **Should the organization be given incentives and consequences for performance?**

If your answer is yes, one of the following options – or a mix of them – might be applicable to your situation:

1.1. **Enterprise Management** forces public service-delivery organizations to function as business enterprises with financial bottom lines, preferably in competitive markets. These organizations earn their money by selling services directly to their customers. Success means success in the marketplace by profitably delivering *private goods*. Failure there brings financial losses, which can lead to job loss. No contracting process is necessary; no one has to impose consequences but the customers directly. Politicians have no role in decision-making. This approach is feasible only for services that can be charged to customers profitably. It is not appropriate for compliance functions.

1.2. **Managed Competition** requires public providers of government services to compete against one another as well as against private or non-profit providers for contracts, based on their performance. Where contracting is not possible, competitive benchmarking can be applied. Managed competition might be

feasible where enterprise management won't work because a financial bottom line is not the appropriate indicator of success. This is often the case when public or development goals are to be pursued and the services provided can't be charged to individual customers in a marketplace. Such *public goods* benefit the community as a whole more than specific customers (e.g. policy-making, regulatory and compliance functions as well as services that are consumed collectively).

1.3. **Performance Management** is a 'soft' approach, applied where managed competition is not feasible. It uses performance measures, rewards, and penalties to motivate public organizations. The rewards and penalties can be financial, psychological or a mixture of incentives and disincentives. They usually capitalize on motivating factors such as achievement, recognition, challenge, interest, responsibility, advancement, salary and benefits. The job of judging performance is left to public officials. No employees lose their work to private competition and politicians continue to allocate public resources, rather than letting customers take those decisions. Performance management can be used with any public organization; it is easier, however, to use it where outputs can be measured and where information systems reveal enough information about costs and quality.

2. **Should the organization be accountable to its customers?**

If your answer is yes, consider one of the following options. They all make public organizations accountable to their customers:

2.1. **Customer Choice** allows customers of public services to choose between different providers, whether all public or both public and private. In order to make customer choice systems effective, there must be enough suppliers in order to give customers real choice; moreover, customers must have sufficient resources to generate a demand which allows for an adequate

supply of providers; also, customers need enough information about the quality and cost of different service providers. Customer Information Systems and Brokers can give customers this information, thus enhancing competition. In structuring the rules of the marketplace, governments must pay attention to questions of equity.

2.2. **Competitive Choice** goes one step further and adds consequences for the service provider by letting customers control the resources and take them along to competing service providers. This model stops short of organizing public units as enterprises that can determine their own prices; it is therefore well suited for the provision of public goods, or combinations of public and private goods (e.g. education). In this model, government sets the price, to ensure equal access for all. It can let the resources follow the customers to the chosen provider, issue vouchers or reimburse providers for services at a set price. In order to preserve equal opportunity, governments need to guard against the tendency of providers to select the best or easiest customers, against increased segregation by class or race and against false advertising and information.

2.3. **Customer Quality Assurance** sets service standards and creates incentives for organizations that meet them and penalties for those that don't. Quality guarantees, for example, commit organizations to compensate customers when the organization fails to meet its service standards.

3. **Where should control of resources and operation lie?**

- with policy makers and central administration agencies?
- with the organization's top managers?
- with work teams within the organization?
- with the community?
- with some combination of the above?

4. **How can the organization's culture be changed?**

An organization's culture with its behav-

ioral, emotional and psychological aspects is deeply internalized and shared by the organization's members. It includes people's habits and routines, their rituals, customs and conventions, the stories they tell, their beliefs, assumptions, ideas, hopes and dreams. It signals to the members the attitudes and behaviors for success in the organization. Culture works like a elastic band: As long as new behaviors have not taken root, they will degrade as soon as the pressure for change is removed. To change the culture of an organization, a good starting point are clarity of purpose, consequences for performance, accountability to customers and shifts in where and how control is exercised. Immersing people in new experiences, persistently touching their hearts and developing new mental models are other levers worthwhile to use. However, changing an organization's culture can not be engineered or systematically planned. It's a challenge that needs extraordinary persistence.

5. **How does the administrative system have to be reformed to accommodate these changes?**

Any strategy for change in a public organization has to be aligned with the administrative system, or else it will fail. How, then, are you going to change

- the budget and finance system?
- the personnel system?
- the procurement system?
- the auditing system?

in order to make them compatible with a more entrepreneurial public organization?

☛(C) **Flexible performance frameworks**

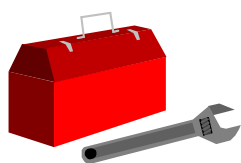
separate discrete functions into different organizations and uses contracts to spell out their purposes, their expected results, their performance consequences, and their managerial flexibility. It's a trade of flexibility for accountability. On the one hand, performance contracts spell out what each organization is expected to accomplish and what the consequences will be if it succeeds or fails. On the other hand, the management

of the organizations is given control over its resources.

(D) Competitive contracting Schemes

force private, non-profit and public organizations to compete to perform services. When public employees bid for work, so the hypothesis, they become interested in controlling the factors that will determine their success. Hence this approach should create a perfect opportunity to use further change strategies.

Manfred Häbig



Tools and Concepts

Charging for Service Provision through Public Organizations²

Public Administrations are increasingly trying to finance government services through user charging. For many, the objective of user charging is cost recovery. A second objective may, however, be more important even: to make public service providers more client-oriented, effective and efficient by introducing a powerful feedback mechanism: **payment**.

However, in order to be successfully implemented as a governance or steering mechanism, user charging should be introduced taking into account the following checklist:

1. **Feasibility according to type of service:** Is the service provided by a public organization a private, a mixed or a public good? There are *technical* aspects in the answer to this question; in the end, however, it is a political decision, based on values and norms shared by the affected groups, to decide

whether or not the provision of a certain service is of public interest.

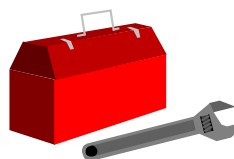
2. **Clear legal authority** for the organization to charge for its services. This authority should be a general framework for the application of user charges and should not set the precise amount of the charges to be applied. This would allow the charges to be adjusted without further legislative authorization.
3. **Consultation with users** before a charge is being introduced or significantly altered. This serves to communicate to the users the reasons for the charges and helps to avoid misunderstandings. Furthermore, the views and proposals of the users can be useful in designing and implementing an effective and efficient charging system. It needs to be made clear, however, that these consultations are a forum for discussing the best way of implementing the charges rather than whether user charges should be implemented. The consultations should proceed rapidly with a date for their conclusion set in advance.
4. The **reasons** for user charging and the logic of the system should be **clear to front-line staff**; to them, most questions concerning the implementation of a user charging system will probably directed.
5. **Determine full costs** of providing the service regardless of whether the intention is to recover fully or only partially the cost of providing the service. If the intention is not to fully recover costs, this information will make transparent the degree of subsidy involved in providing the service.
6. **An effective and efficient collecting system** is critical for the credibility of any user charging system. Responsibility should rest with the organization which is receiving the benefit of charging users. Non-payment of users should be followed up immediately. Appropriate enforcement mechanisms should be in place prior to the charge coming into effect.

² This tool is partly based on: Best Practice Guidelines for User Charging For Government Services. OECD Public Management Service. PUMA Policy Brief No.3, March 1998.

7. The **user charging can be an effective and powerful management tool for improving organizational efficiency and service quality**. Leadership by top management is required! It is important to set specific financial, service quality and other performance targets which should be monitored regularly.
8. Service providers should regularly and systematically solicit the **views of their clients** in order to better understand their demands. This often requires new skills and attitudes, e.g. in client orientation, human resource management and information technology. Provide for sufficient time and resources for developing and maintaining these capacities.
9. Inflow from user charges should be applied as "negative costs" to the activities needed to provide the service charged. **Revenue management** should be in the hand of the organization providing the service. Increase in expenditure should be allowed as a response to increased demand for a certain service.
- 10 **Prizing** should follow one of the following principles:
 - competitive market prices, if possible;
 - if the above is not feasible: full cost recovery;
 - partial cost recovery (if the above is not feasible, e.g. in the case of mixed good/service, making explicit the criteria for applying reduced charges and the degree of subsidy);
 - simplicity in the fee structure;
 - demand can be spread by price differentiation (e.g. peak vs. off-peak periods; priority vs. standard service);
 - Introducing user charging for one service can have significant impact on the demand for substitute services if they are not subject to a similar charge. Consideration needs therefore to be given to also charging those substitute services.
11. **Ensure competitive neutrality** in situations where an organization is supplying a commercial service in competition with

the private sector while retaining a monopoly provision of another service. The monopoly service should never subsidize the commercial service. Care needs to be taken to ensure that the costing is exact and incorporates all items of cost that a private supplier would have to face (e.g. taxes!).

Manfred Häbig



Tools and Concepts

The Actor/Function Grid: getting your act together

It might be a small step for you, but it definitely can make a big difference to a group of people trying to organize their thoughts on the organization of services, the different functions and roles and their assignment to specific actors: Our **actor/function grid** will help to give an orientation to any such discussion; straight analysis has never been so easy – our word!

First, speaking about service systems means being clear on what system we are talking about: Who are the actors involved? What is the rationale, the interest around which they are organized? What is our interest in the analysis? And where do therefore draw the system boundaries?

It's only then, that our **actor/function grid** can be applied. We now can differentiate between actors and functions.

Actors can be:

- the government at its various levels,
- the private sector,
- the so-called third, non-governmental and not-for-profit sector and
- organizations of technical and financial cooperation, often just called „donors“.

In terms of **functions** we speak of

- **provision(guaranteeing)**
- **financing and**
- **delivery of services.**

Provide a (mostly public) service means making sure that this service is delivered to a certain group of clients in a specific quantity and quality. If government provides a service, this does not necessarily mean that it also will finance or deliver the service. Just one example: A city administration might well provide the collection of waste twice a week; the actual collection, however, is contracted out to private enterprises, and the individual households pay the bill. It's easy to apply this thinking to services in the agricultural sector, e.g. extension services.

Often, services are not 'produced' and delivered in a one-step-process, but rather in a chain of provider-client-relationships. Any such sub-service can be analyzed with our **actor/function grid** and, at least theoretically, attributed to a different actor.

On the other hand, today's actors are getting increasingly flexible with regard to the functions they are willing to assume. Public organizations are entering private markets, for example, and private enterprises are delivering public services as sub-contractors of government entities.

The consequence of all that is a broad spectrum of alternatives for the organization and steering of the 'production' and delivery of any service – and an increasing competition amongst actors. Clients are happy with that perspective.

To get your act together as a planner and designer of interventions in service systems, our **actor/function grid** will be of great help to you. Equally, the grid will be helpful when the task is to analyze a given service system. To give you an example, we filled this grid for a "typical, somehow old-fashioned extension project in sub-Saharan Africa". As you can notice, neither private nor non-profit-sector organizations are involved in the service system, and the 'donor agency' is assuming all three functions: providing, financing and delivery services to farmers directly – an approach which leaves many doubts, e.g. on sustainability.

Actor / Function	Provision	Finance	Delivery
State	X	X	X
Private Sector	O	O	O
Third Sector	O	O	O
Donor Organization	X	X	X

Legend: X → active
O → not active

An alternative design in the case of an extension service could look like this:

Actor / Function	Provision	Finance	Delivery
State	X	X	O
Private Sector	O	O	X
Third Sector	O	O	X
Donor Organization	O	X	O

By applying this systematic approach a lot of the fads and ideological aspects are avoided when it comes to discussing the future role of the state, the private and the non-profit sector in service systems that so far have been dominated by the public sector.

Manfred Häbig, Paul Schütz

The Editors

The editorial team consists of:
D. Boettcher, D. Collenberg, M. Häbig,
W.Huppert, P. Keller, R. Mack, P. Mutlu,
K. Pilgram, P. Schuetz, A. Springer-
Heinze, G. Steinacker.

This issue of our newsletter has been edited by D. Collenberg, M. Häbig, K. Pilgram and P. Schuetz.

To contact the editors, write to:

A. Müller-Roth
P.O.Box 5180
65726 Eschborn
Germany
Tel: +49-6196-79-7160
Fax: +49-6196-79-7162
Email: annette.mueller-roth@gtz.de