

Understanding agribusiness-based advisory services

Advisory services offered by agribusinesses are potentially important mechanisms for small and particularly medium farmers to improve the way they farm.

Important limitations relate to the numbers and types of farmers reached and their commodity focus.

There are important opportunities for agribusinesses to improve their advisory services and thus increase business performance.

There is a need for independent studies on the development outcome of agribusiness-based advisory services in terms of their link with the overall commercial operations of agribusinesses.



Credits: Ninoska González

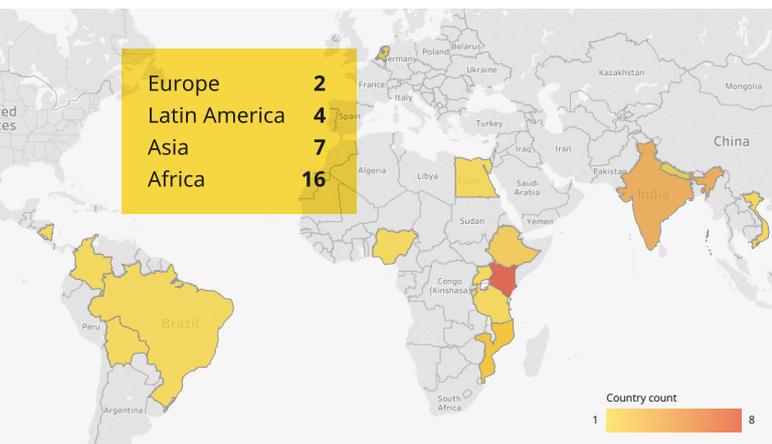
In many countries, agribusinesses¹ are engaged in providing agricultural advisory services to small-scale farmers. With little documentation existing on the functioning of these services, KIT Royal Tropical Institute, Agriterra, Moyee Coffee and the Food and Business Knowledge Platform undertook a joint learning trajectory in this regard from September 2017 until May 2018. This trajectory focused on the mechanisms and tools used to generate feedback from farmers, the sustainability of the services, how farmer non-adoption is handled and the development outcomes for farmers.

This brief presents a summary of the key findings of this learning trajectory. These rest on a review of 29 cases. Eight of these were analysed based on the existing literature (Babu et al., 2016; IDH, 2016, 2017),² with the other cases benefiting from interviews with resource persons and—for six cases in Kenya—brief field visits.³ In contributing to our search for best practices, the cases reflect a diversity of agribusinesses from different sectors, from small to very large and from businesses selling inputs ('suppliers') to those sourcing products from farmers.



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The organisation of advisory services

There is great diversity in how agribusinesses operate and organise their advisory services. Choices made depend on the businesses themselves, the sector they operate in and the markets they focus on, as well as on their context.

Generally, agribusinesses could further improve and focus the set-up of their services by:

- Making strategic choices on the advisor-farmer ratio
- Paying more attention to issues related to 'farming as a business'
- Getting more informed on the possibilities of using interactive adult education-based methods to build farmer competences beyond basic technical ability
- Following rapid developments in more advanced ICT-based communication tools, while maximising the current use of basic tools such as WhatsApp and SMS

Learning from feedback from farmers

While generally attaching considerable importance to farmer-specific information to improve business strategies and target services and products, agribusinesses pay relatively little attention to mobilising systematic feedback from farmers on advisory services. To understand the effectiveness and performance of such services, most agribusinesses rely on data collected for general business purposes, such as on volume and quality of produce sold to the agribusiness, or type, quality and volume of products



Smartphones play an increasing role in reaching farmers.

bought. There are, however, important limitations in using such data to assess their advisory services.

Agribusinesses can improve the effectiveness of their advisory services if they:

- Systematically generate feedback from farmers on the services provided
- Ensure farmers' feedback available among staff is captured and processed well
- Include advisory service-related questions in existing monitoring and evaluation tools/surveys where feasible
- Seek expert advice on the choice in software for collecting and processing farmers' feedback and other relevant information

Synergy and collaboration

While agribusinesses and cooperatives collaborate well with other organisations, especially other agribusinesses, to support their core operations, only a few coordinate closely with others on providing advisory services to farmers. Government extension would appear to be a first choice for such collaboration, given its wide coverage in many countries, but only three agribusinesses systematically take part in this. Apart from cost savings, such collaboration could also help integrate relevant knowledge in the government service, and ensure longer-term availability of services. Bureaucracy, lack of qualified staff, high staff turnover, conflicting agendas and lack of funding are among the constraints mentioned that impede stronger collaboration with government extension.

The following specific forms of collaboration are often found:

- Collaboration with universities, research institutes and others in preparing the *content* of the advisory services and/or organising *staff capacity-building*
- *Ad hoc* use of *resource persons* from other organisations, with or without payment,
- Use of students or interns to increase the staff capacity of extension teams
- *Joint testing and development* of innovations with research institutes and universities

Sustainability of services

All agribusinesses underlined the importance and benefits of advisory services for their core business, though often without being able to compare effectively these benefits with costs incurred. The fact that the costs of these services are covered from the main business of course contributes to their sustainability. Agribusinesses could learn from the efforts of some of the companies and cooperatives discussed to make the (management of the) costs of advisory services more explicit, allowing for well-founded choices as well as external transparency.

Adapting advisory services to actual farmer conditions improves adoption.

Apart from following up on the potential to realise case-specific efficiency gains, such as through improved planning of work or choice of facilities used, agribusinesses could improve cost effectiveness by:

- Looking at options to improve/reduce the advisor-farmer ratio and considering options in this regard
- Creating a solid system for lead farmers and/or agro-input retailers to undertake a considerable part of the advisory services
- Increasing use of ICT, including use of videos that can also be accessed through internet

Understanding and addressing non-adoption

Behind the question of (partial) adoption and non-adoption, complex processes at farmer level and beyond play a role. About half of the agribusinesses comprehensively analyse the reasons for partial or non-adoption. For other agribusinesses, there is scope to deepen their analysis and understanding.

Agribusinesses can improve their advisory services by:

- Giving more attention to analysis of (non-) adoption and deepening their understanding
- Internalising this understanding within the organisation
- Tailoring the content of advisory services to (different categories of) farmers, based on a good understanding of their respective characteristics and conditions

Credits: Bertken de Leede



Many agribusinesses use a wide range of both permanent and temporary incentive systems to encourage farmers to apply recommended practices and use their products. These generally seem to be effective. When incentives are given for limited periods of time, their effect is likely to be only short in term.

Development outcome

The evidence reviewed suggests that ABAS lead to significant improvements in the productivity of the commodities targeted and to commodity-related farmer income. The few studies that look at outcomes in terms of income changes at the household level find increases at this level too.

Very few agribusinesses themselves look systematically at the impact of their advisory services. Some argue that monitoring and assessing impact is a complicated task beyond the scope of their work. However, as customers as well as the general public are increasingly interested in knowing not only the source of agricultural produce but also how it is being produced and the impact this has on farmers, several innovative agribusinesses are investing in monitoring and widely sharing relevant information.

Generally, agribusinesses reach farmers engaged in market-oriented agriculture and producing commodities of interest to agribusinesses. This also demarcates the potential development outcomes of ABAS.

Conclusion

Advisory services of agribusinesses are potentially important mechanisms for small and particularly medium farmers to improve the way they farm, increase the volume and quality of production and enhance their livelihoods. Important limitations relate to their reach—they cover only specific geographical areas and work only with already market-oriented farmers (men and women)—and their focus—attention is often on only one or a few commodities, ignoring (impacts on) other parts of the farming system.

Overall, agribusinesses can improve their advisory services by making service provision—the delivery mechanisms, their quality, adoption, costs and impact—an explicit agenda item. This means moving beyond the assumption that their advisory services work, to develop a basic but solid theory of change and related business plan for the advisory services, and monitoring these to improve them further.

1 Private businesses and farmer cooperatives with important business activities.

2 A list of all references is available from KIT.

3 For eight cases in Kenya, a Masters student also undertook fieldwork with staff and farmers (Collina, forthcoming).



Credits: Anne Rappoldt

This brief is based on Veldhuizen LR van, Rappoldt A, Bitzer V & Mur R. 2018. *Understanding agribusiness-based advisory services: Findings of a learning trajectory*. KIT Royal Tropical Institute, Amsterdam, available at <https://www.kit.nl/sed/projects>. For further information please contact the authors through r.mur@kit.nl.