

The advisors' view on the privatized extension system in the federal state of Brandenburg, Germany

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Abstract:

In the federal state of Brandenburg, Germany, provision of agricultural extension has been privatised in the early nineties. Since then, public financial support was reduced continuously until full deletion in 2001. In 1996, a first evaluation of Brandenburg's extension system (Bokelmann et al. 1996) had been undertaken revealing the view of the advisors and farmers on the privatized system at that time. Since 2006, several studies were carried out, that explore specific segments of the Brandenburg agricultural knowledge system. The paper assembles selected results that characterise the advisors' perspective (Knuth 2008; Knierim et al. 2011) and sets them into relation with the first study from 1996. The privatisation process resulted in concentration and diminution of advisory services, and cooperation between advisory companies was clearly reduced: Contentwise advisory services in Brandenburg tend to concentrate on economic topics, especially investment planning often combined with subsidy questions. Cross Compliance (CC) topics are seldom addressed explicitly but combined with other requests by the farmers. Farm Management Systems (FMS) as a main instrument for CC advice in Germany are sparsely used in Brandenburg, as the implementation of FMS and the supply of CC advice were not co-funded by the state unlike in other German states. Compared to the situation in 1996 the intensity of advisory services to the single farmer is reduced. Qualitative appraisals of the privatized system by the advisors are presented and discussed. Conclusions are drawn with regard to possible .

Privatisation in agricultural extension

Introduction

From international literature, it becomes obvious that the process of privatisation results in more pluralistic advisory systems (Rivera and Alex, 2004). Agricultural advisors – in both private consulting companies and public institutions - are not longer the only provisioners of agricultural advice towards farmers. New actors come from the private sector (industry, vocational education and training) as well as from the public sector (research institutions, secondary education) and the third sector (NGOs, farmers unions). This diversity requires higher effort in coordination and networking, because "a system can only be effective, if the subsystems are well-connected and cooperate productively (Hoffmann, 2010). Within such pluralistic systems, state intervention is usually aimed at promoting the public interest and assuring social welfare by ensuring the delivery of specific services to specific audiences, (e.g. socio-economic advice for poorer farms delivered by public authorities). Beside coordination and interest representation, a third form of state intervention is the exercise of control, as happens e.g. in the context of subsidized Cross Compliance advice.

In theory, expected benefits of privatization are a greater allocation and greater cost efficiency. Further, competition between companies is assumed to ensure constant improvements in the quality and diversification of goods (Klerkx, de Grip et al. 2006 based on Kuhry et al., 2002). Disadvantages and risks of privatization advisory services include: (i) linkages within an agricultural advisory system are considerably reduced through privatisation of services; (ii) increased competition may result in the withholding of knowledge generated and exchanged in agricultural knowledge systems; (iii) privatised systems tend to have a bias towards larger, wealthier farms and „small scale farmers have little access to what once was considered a public good – agricultural information and its transfer“ (Rivera 1993, p.1) and (iv) topics of public interests such as environmental problems or the sustainable

development of agriculture are less tackled, and if dealt with rather in a short term perspective through contracting out short term projects (Leeuwis, 2000; Labarthe, 2009; Rivera, 1993; Klerkx, de Grip, and Leeuwis, 2006).

All in all, the amount of publications on privatized agricultural advisory systems is already considerable and especially case studies are not rare. In the last ten years a few empirical studies have been undertaken to study the impacts of reform processes related to extension privatisation in Germany; most of them focussing on the view of the farmer as the client, e.g. in Mecklenburg-Pomerania (Rüther, 2007), in Thuringia (Heinrich, 2004), in Saxony-Anhalt (Kindler, 2010) and in Brandenburg (Dimter, Knierim et al. 2008). However, the view of the advisors has been hardly targeted (Maier, 2000). In the following, the attempt is made to shed light on a privatization history in the German *land* Brandenburg through selected results from three consecutive studies (Bokelmann et al. 1996; Knuth, 2008; Knierim et al., 2011). As long-term or repetitive investigations are less frequent although this type of 'revisited' research can be very revealing. Hereby, the focus is laid on the advisors' perspective through both quantitative as well as qualitative findings. The paper starts with a brief introduction to the German agricultural advisory systems and a specific view on the Brandenburg situation. Then, information on the methodology is provided. The presented results comprise the characterization of advisors, topics, methods and instruments of advisory services and the challenges ahead. Conclusions are drawn with regard to the functions advisors have or are supposed to fulfill in the overall agricultural knowledge and information system (AKIS) of Brandenburg.

Current tendencies in the German agricultural advisory systems

In Germany there are 14 federal states (*länder*), which are each responsible for the organisation and financing of agricultural advisory systems. Beside a working group, where *länder* 'desk officers for advisory services' exchange their views and experiences, there is no national coordination. Hence, there are 14 different forms of extension provisioning, and – due to general shortages of public means - all in the process of becoming more and more privatised. Behind these increasingly complex systems three main types of extension providers are historically predominant: (i) the state agricultural office, (ii) the chambers of agriculture and (iii) private consulting and advisory companies. Additionally, advice circles exist in some states, originally especially in the North of Germany (Hoffmann, 2004). Thomas (2007) gives the most recent overview on the various systems in all *länder*.

The obligation of providing a Farm Advisory System (FAS) at least covering Cross Compliance (CC) issues from 2007 on was installed by the EU regulation 1782/2003. This directive led to some coordinating activities on the national German level, especially the option of a financial support for the implementation of Farm Management Systems through a national regulation (GAK) was introduced. Still, it remains the choice of the single *lander* to make use of this option and create advisory services' inciting programs at their respective level. Similarly, education and secondary education and partially research fall under the mandate of the *lander* ministries. Insofar, the agricultural knowledge and information system (AKIS) in Germany appears poorly coordinated and decreasingly transparent and controllable because of its pluralism and high privatisation trends. Diminishing budgets and competition between knowledge providers hinder necessary cooperation and coordination (Hoffmann, 2010).

It is a German specificity that the main instrument to support farmers' compliance to EU-regulations is the 'Farm Management System' (FMS). The National Ministry for Agriculture (BMELV) recommended the implementation of FMS to the federal states, defining it as an instrument for systematic documentation and analysis of production processes and thus a basis for continuously improving the overall farm performance (BMELV, 2006). Depending on the advisory systems' organisation (private, public, semi-private) FMS were developed in each federal state either by public institutions such as state offices in Bavaria, Saxonia or Baden-Württemberg, chambers of agriculture (Lower Saxony, Schleswig-Holstein) or by private consulting companies (Thuringia, Mecklenburg-West-Pomerania, Brandenburg, Saxonia-Anhalt).

A FMS consists of (i) a checklist for self-control (which can be individualized for each farm – if available as electronic version), (ii) a filing system for documentation and (iii) a set of additional information material on the background of requirements. Some FMS only refer to the Cross Compliance requirements (e.g. CroCos in Brandenburg or Mecklenburg-West-Pomerania) while others (e.g. GQS in Baden-Württemberg or KKL in Lower-Saxonia) include the requirements of additional quality management or certifications systems such as QS, EurepGap or ecological farming. FMS are available on paper and/or additionally as a CD or as electronic version. Most German FMS can be bought with or without advisory services to help implement the system on the farm. In four federal states subsidies are offered to implement FMS accompanied with advisory services (Knierim et al. 2011). Generally, the implementation of any FMS by farmers has the potential to support voluntary change processes that render an organisation's performance more sustainable, *“especially when farmers not only accept the management system but also apply it with their own objectives with regard to their environmental and product quality performance and thus develop an ownership attitude and personal responsibility for these targets”*(Knierim, 2007: 347). In case of accompanying advisory services the advisor goes through the checklist together with the farmer. The aim of this advisory service is the critical/neutral view on the farm location and its production processes, which the farmer does not have necessarily.

Studies' design and methods applied

The following results derive from two empirical studies undertaken by the authors among private agricultural advisors in the years 2006 and 2010. The first study focussed on the overall effects of the full privatisation undertaken in 2001 in Brandenburg and the study was designed as a comparative research to the situation of the advisory system in 1996. 23 advisors were personally interviewed with a standardized questionnaire including open and closed questions. The second study evaluated the so-called Cross Compliance advisory system (EU-term: Farm Advisory System - FAS) in Brandenburg. Parts of this evaluation were (i) expert interviews in the DG Agri on the EU requirements of the FAS (ii) expert interviews in the Netherlands, Denmark and several German federal states and (iii) an empirical study in Brandenburg. Here, expert interviews, a representative telephone survey among farmers and an online survey with private advisors were conducted. Roughly 130 advisors were contacted by Email on the basis of an unpublished list provided by the Brandenburg Ministry of Agriculture (MIL). Out of the total number of advisors, there is a public list of 51 advisors which are certified as "Cross Compliance advisors" by the MIL. The response rate to the online survey of 41% of the contacted advisors was satisfying. Unfortunately, a high percentage of the respondents did not complete the full questionnaire, which might indicate a certain scepticism towards the aims of the study.

Selected results from Brandenburg

Brandenburg as one of the East German federal states introduced a privatized extension system as early as 1992. From the mid-90ies on, public subsidies were continuously reduced until total privatization in 2002. Since then advisors offer services to those farmers who are willing to fully pay them without any state support as e.g. contracting-out or vouchers.

Characterisation of agricultural advisors in Brandenburg

Approximately 130 advisors in 50 consulting firms offer advisory services to farmers in Brandenburg. The largest firm employs about 30 advisors and has about 1000 clients (LAB , 2012). Main partner of the company are the farmers' union of Brandenburg (LBV) and other agriculture related unions. Further consulting companies are usually smaller; the number of employees range between one and 12; a decline of employees was observed after full privatisation in 2001. Advisors described clients as

rather larger farms and also other agriculture related groups, e.g. local authorities and associations involved in rural development planning, custom farming providers and recently new actors are related to renewable energies (esp. Biogas) (Knuth, 2008). Among advisors, there is a diversity in professional specialisation, ranging e.g. from milk production or organic farming to nature conservation or direct marketing. Nevertheless, both studies show: the main specialisation (75% of the advisors) is related to economic aspects or business consultancy – dealing with investment planning combined with the question, which subsidies are available.

A comparison between the studies of 1996 and 2006 concerning the intensity of the relation between the advisor and the farmer shows a clear reduction (table 1). This becomes obvious in the increase of farms per advisor and advisory firm, as well the increase of the distance traveled by advisors per year for farm visits. Another clear sign is the decrease of the average of client visits per year from monthly to six times per year.

Table 1: Overview on intensity of advisor- farmer relation

The average...	2006	1996
Number of farms per advisor	32	24
Number of farms per advisory firm	87	48,5
Distance to the client	100 km	82 km
distance/year driven by the advisor	38.000 km	26.000 km
Client visits/year	6 times	monthly

Source: Bokelmann, Hirschauer, Nagel, and Odening , 1996 and Knuth, 2008

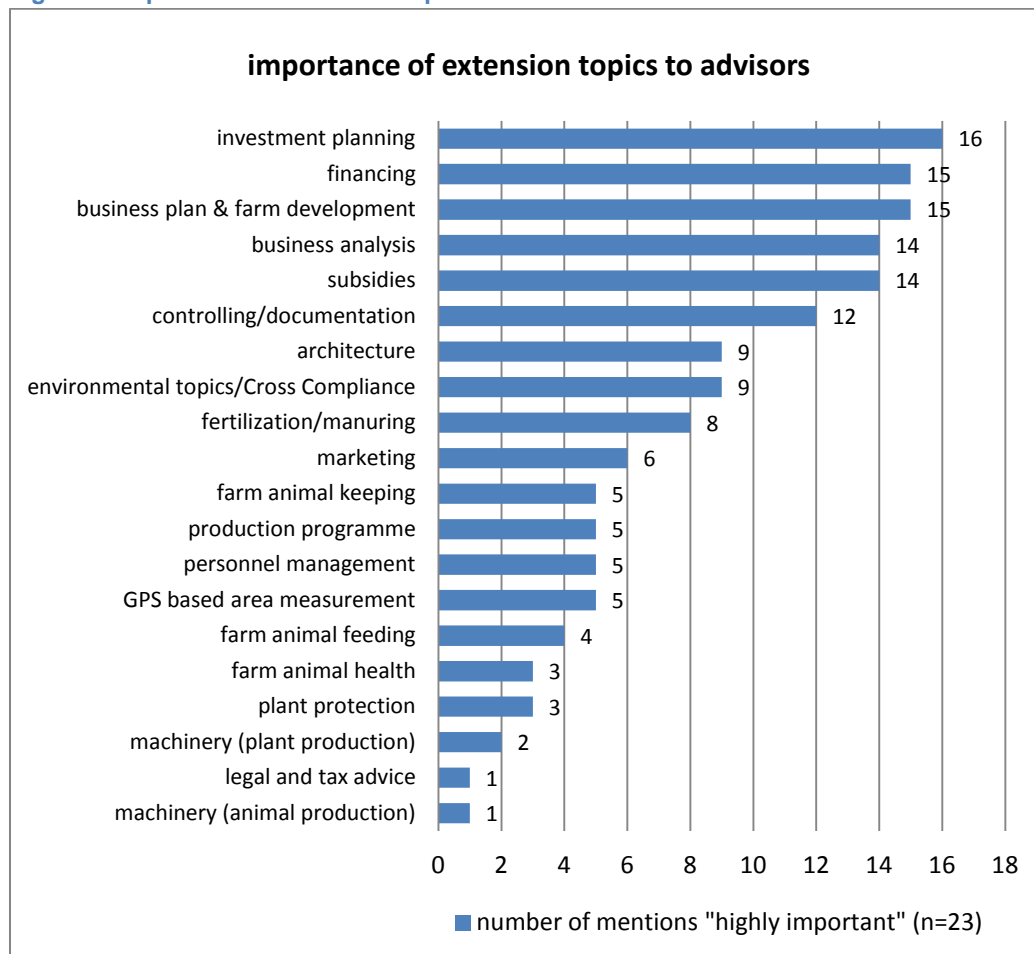
Concerning the cooperation between advisors from different firms a change in Brandenburg becomes visible after privatisation towards less cooperation: Bokelmann et al. (1996:38) speak of *"active information exchange between the different extension providers. Course instructors are exchanged and especially expertise on complex problems is being exchanged"*.

In 2006 more than half of the interviewed advisors (12 out of 23) are rather opposed to cooperating with advisors from another than their own company. Main reason for this attitude is the market competition and the fear to give away know-how or lose clients. Four out 23 advisors mentioned they cooperate only with advisors in other federal states and then quite intensively. Further linkages to other institutions, e.g. to equipment suppliers, local authorities, research institutions, lawyers, tax consultants or insurance companies exist and are mainly used to collect specific information. The relationship to universities was mentioned by 5 of 23 advisors, whose activities include internships of students and conjoint bachelor and master theses.

Advisory topics and relevance of Cross Compliance

General topics with high importance in advisors' activities are farm economics related, as figure 1 shows. Top topics are investment planning often combined with the matter of financing, business planning and farm development issues. Many advisors did not differentiate between those topics. Another important topic in this context are the acquisition of subsidies, not only yearly application but also acquisition of public financial support for farm related investments. The advisors describe their job as *"searching in the dschungel of public funds for individual solutions farm financing"*. A further aspect of farm financing is the preparation of negotiations with a bank.

Figure 1: importance of extension topics to advisors



Source: Knuth 2008

Cross Compliance as an extension content played in 2010 a less important role than in 2005, when the first survey among advisors was undertaken. The survey in 2010 revealed, that in advisory practice, Cross Compliance is rarely reclaimed by farmers as an extension issue and that advisors do not easily separate CC topics from other farm related topics. The average time spent on CC-advice by the surveyed advisors is 17% of their overall advisory activities. Three advisors (n=31) are specialised CC-advisors, spending 50 or 60% of their working time on CC-advice. Topics, which are very often tackled and related to Cross Compliance regulations, are fertilization and plant protection.

Advisory Methods and relevance of Farm Management Systems

The general survey among advisors (Knuth, 2008) shows, that the dominant advisory method for Brandenburg's advisors is the one-to-one advice. Even though farm visits/per year decreased (as shown above), the increased use of new communication technologies like mobil phones and Email seems to compensate this decreasing personal contact (on farm). Group consulting and seminars were rated significantly less relevant. Reasons mentioned were closely related to the privatisation process, which led to no public financial support of such events organised by commercial advisory firms. A growing importance of advisory services as project consulting was mentioned as a tendency within the one-to-one farm advice: *"I advise a client over years, but do not visit his farm every quarter of the year. Instead I rather develop and supervise projects like the construction of a stable or a green house."*

In 2005, the interest of Brandenburg's commercial advisors to develop FMS and the hope to be part of the new extension market field of Cross Compliance was fairly high. Despitethe fact, that the state authorities of Brandenburg did not offer financial support for FMS and therefore no need for

certification of an FMS existed, there was the request by one advisory firm to have its FMS certified by the MIL.

However, as noted in 2010, the majority of the interviewed farmers does not demand for CC-related advisory services from commercial advisory firms (21 out of 71 farmers use a commercial advisor for CC-advice). If farmers need CC-related information they often use other sources, such as the county office for agriculture. In other German states the demand for FMS and accompanied advice was fairly high in the first years, after CC regulation was introduced (2005-2007) but later the demand declined significantly.

Cross Compliance advice by commercial advisors in Brandenburg if delivered is mainly integrated into other subjects, especially if an FMS is not used. Then, most advisors address this subject on the side of other interests of the farmer (e.g. investment planning, subsidies) during one-to-one advice on the farm (see table 2). CC-advice in Brandenburg is done mainly without FMS, many advisors use self-developed checklists and documentation material based on documents they receive from state authorities or other neighboring German states.

Table 2: Advisory methods for CC-advice if no FMS is used

Advisory methods for CC-advice (without FMS)	methods of middle or high importance (n=23)
Personal one-to-one advice on farm, integrated into other subjects	23
Clarification of single questions through telephone or Email	19
Risk assessment for the whole farm	15
Risk assessment for separate areas of the operation	13
Check of the whole farm with a self-made checklist or a checklist of another federal state	12
Seminars or trainings for farmers	6

Source: Knierim et al. 2011

Surveyed advisors as well as farmers recommended the supply of a Cross Compliance checklist by state authorities of Brandenburg as a useful support tool. Furthermore the information needs of the advisors seem to be not well satisfied by public authorities, especially concerning current information on changes in regulations as well as on state wide results of Cross Compliance checks.

Attitude of advisors towards new challenges

In the context of the 'Health check' reform of the Common Agricultural Policy (CAP) new challenges for the agricultural sector were formulated, which include energy efficiency, renewable energy, nature conservation and biodiversity, water management and protection as well as climate change and adaption. Those topics were also to become relevant for advisory services and therefore the CC-study investigated the attitude and current activities of Brandenburg's advisors towards them. The results show, more than two third (23 out of 34) of the surveyed advisors already gave advice to subjects related to renewable energy (e.g. Biogas) and resources, half of them to nature conservation and a few dealt with water efficiency and climate change so far. Most advisors, who are not yet involved in advisory services related to the new challenges are interested in doing so in the future.

Conclusion

Results from the general study on advisory services in Brandenburg (Knuth, 2008) give proof to experiences of other case studies (e.g. Klerkxs et al. 2006; Rivera and Alex , 2004) concerning strengths and weaknesses as well as risks of privatisation mentioned above. Critical impacts of privatisation in Brandenburg include: (i) the reduction of information exchange, especially between advisors and public authorities, (ii) the reduction of cooperation between extension providers, (iii) increased competition between extension providers resulting in a decrease of advisors, increasing performance and cost pressure and (iv) a change within the group of clients towards larger farms. Smaller and/or poorer farms seemed to drop out of the system.

Cooperation, linkages and information exchange between knowledge providers reduced

Experiences with the adoption of FMS show, the demand for FMS and accompanied advisory service in Germany is quite different in each federal state depending on the participation and support of the state authorities during the development process and the dissemination of FMS and the availability of subsidies. Hence, the demand in privatized systems without any public support and/or subsidies was fairly low. Therefore, the implementation in Brandenburg was not successful and advisors did not feel well supported by the public authorities dealing with this topic of public interest. However, experiences with the environmental FMS in Ontario, Canada show, it is an instrument that can help to improve farm performance towards more sustainability and what is necessary to establish them successfully (Knierim, 2007): (i) voluntary participation and cost free access, (ii) financial incentives, specifically targeted, (iii) farmers' organisations as supporting institutions and (iv) intensive cooperation of several corporate actors in a "*complex multi-actor facilitated advisory service*" (Knierim, 2007).

Those experiences as well as the study results in Brandenburg implicate the necessity for more dialogue between actors of Brandenburg's Agricultural Knowledge and Information System (AKIS) in general. Specific action could aim at the expansion of the system contentwise to go beyond legal requirements of CC as a public interest and to proactively develop and encompass the 'new challenges'. The recent discussion on EU-level about the further development of the FAS-related policy and the evaluation of the application of FAS among the member states (European Commission , 2010) recommend that advisors should transmit also policy objectives and its background to farmers – a field of advisory services that definitely needs more dialogue in Brandenburg between AKIS actors, e.g. to improve the continuous input of processed information into the knowledge system. This dialogue also needs an improved level of self-organisation of the commercial advisors, which they assume to be difficult because of the market competition. This process could be supported by the state of Brandenburg, e.g. with the intensification of the formally existing working group on "advisory system in Brandenburg", which seldomly met so far.

Recent political trends and its implications for the AKIS of Brandenburg

Growing EU-focus with the next CAP generation (2014-2020) on knowledge transfer and innovation as well as environmental aspects of agriculture is apt to motivate the state authorities in Brandenburg to invest again in the enhancement of the state's extension system. As has been shown, there is an interest to respond to these topics from the advisors' side. What is now next to explore is the improvement of linkages and interfaces between Brandenburg's AKIS actors, especially those between state authorities and private advisors.

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