
„Embedded Services as a Modality for Sustainable Rural Advisory Services“.

Berlin, 23.9.2013, Peter Schmidt on behalf of SFRAS

At the occasion of the Annual Conference of the Global Forum for Rural Advisory Services the Swiss Forum for Rural Advisory Services organised on September 23rd, 2013 in Berlin an event with the title „Embedded Services as a Modality for Sustainable Rural Advisory Services“.

„Embedded Services“ were defined as follows: *“The delivery of advisory services and their funding are linked to a business transaction in a value chain.”* Typical examples of embedded services include:

- The advice is linked to the sale of **agricultural inputs** (e.g. seeds, fertiliser, pesticides, veterinary drugs). The costs of the advice are inbuilt in the price of the sold input.
- The advice is linked to the procurement of agricultural products by a **processor or trader**. The costs of the advice are paid from the margin of the processor / trader. This type of embedded services often occurs in the frame of **contract farming**.

Five case studies from the field that are in one or the other way linked to Swiss development cooperation illustrated different models and aspects of embedded services. The cases were:

1. Plant clinics as embedded services? CABI Switzerland, Wade Jenner
2. Integrated ICT solutions to manage out-grower schemes, “farmforce”. Syngenta Foundation for Sustainable Agriculture, Paul Castle
3. Local Service Provision System in Bangladesh. Experiences from Samriddhi. HELVETAS Swiss Intercooperation, Archana Nath
4. Farm Business Advisors. Private Rural Advisory Services in Cambodia. iDE, Michael Roberts
5. Rural Advisory Services under Contract Farming in the rice sector in Tanzania, HELVETAS Swiss Intercooperation & Swisscontact, Francis Massawe

Based on these case studies the participants of the side event identified the following main **strengths** of embedded services:

- Innovative models to reach **scale**
- **Financial sustainability** because costs for advice are inbuilt into a business transaction
- Comparatively **cost-efficient** and well targeted advice
- Complementary to and in collaboration with public service provision
- Presence in the locality lead to trust-based relations and sales of agricultural inputs

On the other hand the participants pointed at the following **challenges** related to embedded services. For some challenges the case studies offered ways to address them:

- Embedded services in tendency bear the risk of **inequitable** service provision (with regard to wealth, remoteness and gender). Ways to address suggested were the pooling of demand also from poor, remote and close to subsistence farmers in order to make the business transaction viable for the service provider (Samriddhi Bangladesh). The Farm Business Advisor model of iDE in Cambodia addresses this issue through **social enterprises**.
- Embedded services, in particular in the context of contract farming, entail the risk of **exploitation** and **dependency** of farmers, e.g. in situations of a monopsony. Ways out from this difficulty are education, training, strengthening the negotiation power of farmers and relationship based sales.
- Embedded services lead to potential **neglecting advisory topics in the public interest** such as bio-diversity, adaptation to and mitigation of climate change, soil conservation etc..
- Embedded services linked to the sale of agricultural inputs bear the risk of being **biased** and to promote ecologically damaging farming practices (e.g. such as the excessive use of pesticides).
- A typical government’s role would be to ensure the advice’s quality. However, in reality governments often lack the capacity to fulfil this task.
- Embedded services shift the **accountability** of a typical rural advisor from the farmer to his/her employer (agro dealer, processor).