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Capitalisation of Experiences in Samriddhi Private Rural Service Provision System Bangladesh: 2010 - 2015

A study to capitalise experiences in SDC financed rural advisory services programmes in Asian countries



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Summary

This study capitalises the experiences of the Samriddhi Local Service Provider Project with the goal to derive learning from the project's successes and faced challenges regarding the rural advisory service (RAS) system. The study offers an overview of the agricultural extension system before, during, and after the project intervention and analyses in what way Samriddhi contributed to the current country RAS system.

The bilateral project and its precedents projects LEAF and SAAKTI have been funded by the Swiss Agency for Development and Cooperation (SDC) with 27.5 million Swiss Francs (CHF 37 / farmer provided with RAS) and implemented by HELVETAS Swiss Intercooperation from 2004 to 2015.

Major achievements of Samriddhi

- 750'000 farmers accessed RAS of almost 5000 local service providers (LSP)
- Most of the RAS users live in remote areas, more than 60% are poor farmers or/and women; 54% are women.
- Development of 12 value chains (VC)
 - Six VC significantly widened the outreach of the RAS to poor and women farmers (medicinal plants, chicken and goat rearing, dairy production, plants and jute crafts)
 - Nine VC created a value added through reduced transaction costs and higher quality of the produce
- Local service centres have been established and serve as initial contact points with local producers and are a place to bulk smallholders' produce.
- Over 100 private companies employ LSPs to sell products, to organise sales, and to provide RAS;
- At least three government line agencies employ LSPs to complement their extension services.

Derived learning

- Being local (and often poor) allows LSPs to deliver service at the doorstep in an efficient way.
- The assumption "Farmers pay for RAS if services are accessible, affordable, holistic and thus able to increase the value of agricultural produce" has been proofed as realistic.
- Involvement of producer groups into RAS planning increases the RAS' potential of being demand-driven, and strengthens producers' readiness to pay for the services.
- The inclusion of sustainable agricultural practices within M4P RAS projects requires further elaboration: Samriddhi let it up to market actors to decide about which agricultural practices farmers want to promote and thus loses its influence on the promoted RAS content. The resulting RAS activities risk to contradict the goal of promoting a sustainable agricultural production systems.
- Networks of producer groups are a basis for poor producers and women to access financial products.
- Working as agent for financial services, inputs and output markets LSPs are able to offer holistic services – which are more likely to be paid by a demand entity.
- The complementation of public extension services with LSPs increases the outreach and efficiency of the public extension system.
- The government can support private service delivery by issuing accreditations and approving the quality of service providers.

Major challenges

- Private interest often don't tally public interests, such as inclusion and ecological sustainability.
- Working only on value chains with potential to generate a value added to the produce is consequence of the M4P approach to RAS. However this may exclude the promotion of pro poor RAs with little value added. Such RAS probably require public finances in the long run.

Acknowledgement

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List of abbreviations

DAE	Department of Agricultural Extension
DLS	Department of Livestock Services
DoF	Department of Fisheries
GLA	Government Line Agency
LEAF	Livelihoods, Empowerment and Agroforestry
LSP	Local Service Provider
MSE	Micro and Small Enterprise
NAEP	New Agricultural Extension Policy
NGO	Non Governmental Organisation
NGO	Non-Governmental Organisation
PSA	Private Sector Agencies
SAAKTI	Sustainable Access to Agroforestry, Knowledge, Technology and Information
SDC	Swiss Agency for Development and Cooperation
SPA	Service Provider's Association
VC	Value Chain

1. Research framework and methodology

This analysis is part of a broader study to capitalise experiences (CAPEX) in SDC financed RAS projects and general country RAS systems in Asia. The goal is to find innovation and learning to reach a large number of farmers with RAS in a poverty oriented, ecological and sustainable way.

The following studies are part of the broader learning exercise:

- CAPEX RAS: Public Service for Agriculture and Rural Development Programme – Vietnam
- CAPEX RAS: Sustainable Soil Management Programme – Nepal
- CAPEX RAS: Samriddhi Local Service Provision – Bangladesh
- CAPEX RAS: Laos Extension for Agriculture Programme – Laos
- CAPEX RAS: Kyrgyz-Swiss Agricultural Project – Kyrgyzstan
- CAPEX RAS: Country RAS system in India
- CAPEX RAS: Country RAS system in China

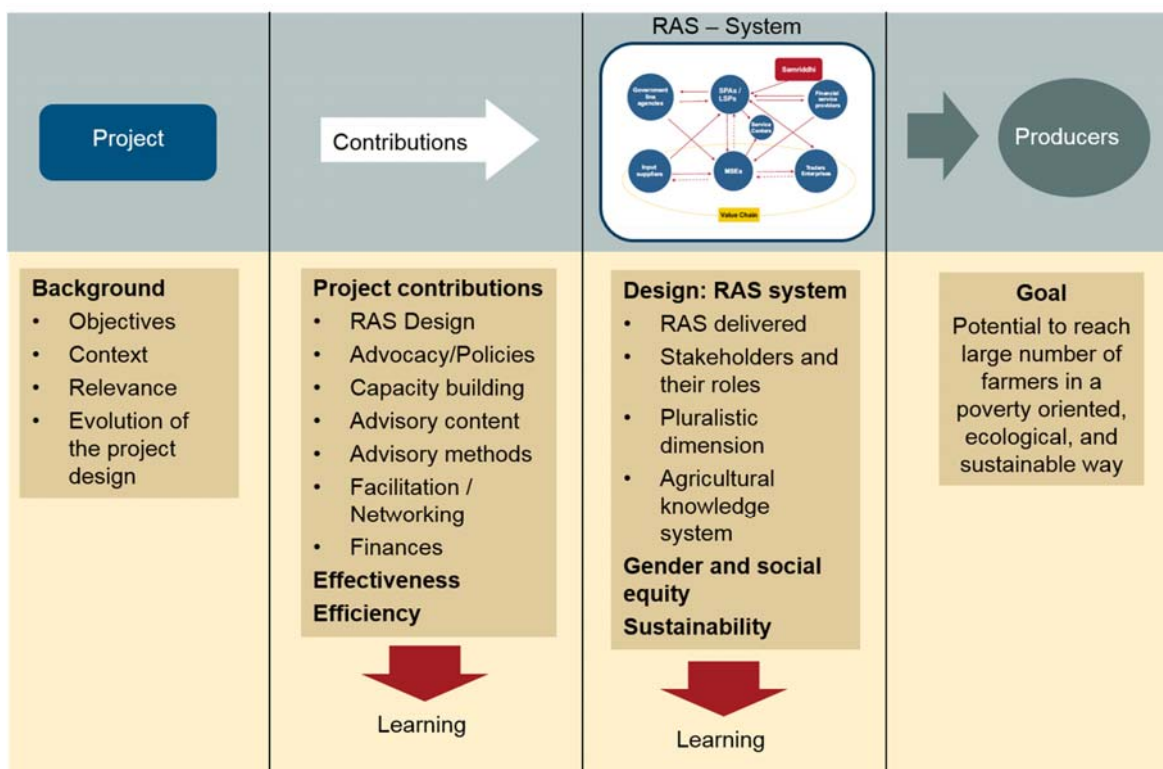
All analyses are desk studies based on project reports, thematic publications, and interviews with 1-4 resource persons. The studies follow the same research framework and are thus comparable.

In a first step, each study describes the project background and then analyses the project's contributions to the RAS system, their effectiveness and efficiency. In a second step, the studies examine effectiveness, sustainability, and inclusiveness of the (supported) RAS system by analysing the effects on agricultural producers.

Finally, the studies search for learning and innovation on

- 1) how RAS systems best reach out to a large number of farmers in a poverty oriented, ecological, and sustainable way,
- 2) and how development actors can support such RAS systems.

Research framework



2. Introduction

The study searches for learning and innovation in the Samridhhi project to reach a large number of farmers with RAS. In a first step, it describes Samridhhi's contributions to the RAS system, and in a second step it analyses the effectiveness, sustainability and inclusiveness of the established RAS system.

Context of Samridhhi

Bangladesh is characterised by one of the world's highest population density (156 million persons; 1,203 persons per sq. km)¹. The agricultural extension landscape in Bangladesh is manifold: beside government agencies, numerous NGOs, commercial traders and input suppliers are providing extension services to farmers (Karim: 2009). However, supply of extension remains weak and farmers living in remote areas face problems in finding suitable RAS. In case there are extension providers, competition among them appears low (Blaser: 2013).

RAS system before the Samridhhi intervention

Already before the project interventions, the RAS system in Samridhhi's project area was pluralistic:

- An official government extension system was in place, however, it did not reach out to many farmers due to lack of resources.
- Many NGOs directly provided RAS to farmers.
- Local Service Providers (LSP) worked through the support of LEAF project
- Local NGOs facilitated participation of farmers in commune planning processes (including RAS) through ward platforms.
- The SDC Katalyst project facilitates linkages between private sector agencies, government extension offices and farmer groups.

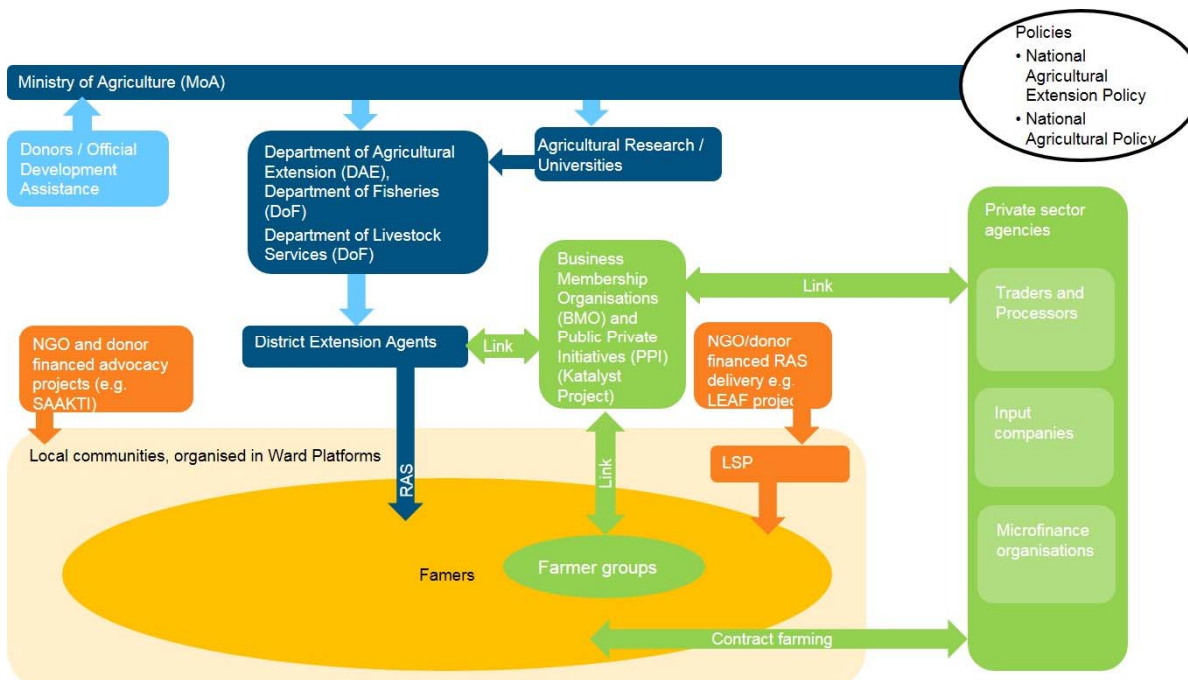


Figure 1: RAS system in Samridhhi project area before Samridhhi's interventions. Blue: Public RAS system; green: private RAS system; orange: contributions of donors and NGOs, yellow: local community (Author's own figure)

¹ Source: <http://data.worldbank.org/indicator/EN.POP.DNST>

Project rationale

The Samriddhi private local service provision project originated out of a merger of two predecessor projects SAAKTI and LEAF that were both founded in 2004 (Dietz et al.: 2013). While SAAKTI initiated the idea of private local agricultural extension service provision, LEAF focused on strengthening community organisations and their advocacy capacity (MTR: LEAF/SAAKTI: 2009).

Samriddhi focuses on RAS provision and is based on the impact logic that

- (i) if public and private services for business development are accessible, poor people are empowered and capacitated to access these services and that
- (ii) if an enabling environment for pro-poor economic growth exists, poor people can generate additional income and overcome their poverty situation in a sustainable manner. (Dietz et al. 2013)

The project goal is “to contribute to sustainable well-being and resilience of poor and extreme poor households of Rajshahi Division and Sunamganj District through economic empowerment” (ProDoc Samriddhi: 2010). To this end, Samriddhi set the following objectives:

- (i) to strengthen the competitiveness of rural products and value addition at producers’ level;
- (ii) to enhance the capacities of rural Micro and Small Enterprises (MSE; these are farmer groups having a joint business plan) in business management and in the acquisition of financial capital (Helvetas: 2014).

Samriddhi bases its intervention on the M4P approach, thus strives to sustainably establish linkages between the diverse market actors, while focusing on poor producers and women. With this, Samriddhi strives to stimulate improvements in market systems.

Samriddhi and its precedent projects LEAF and SAAKTI have been funded by SDC with a total of CHF 23 million. The project phase has been extended and lasted from 2010 to 2015.

Relevance of Samriddhi interventions

Despite the wide range of extension service providers in the project area, a large share of the rural population still don't have access to RAS, particularly poor agricultural producers (Dietz et al.:2013). The limited access to information, output markets for agricultural products, and financial services constrains farmers to increase their productivity – although this is needed to increase the country's and farmers' food security. It has been shown that if agricultural services are available, farmers make use and sometimes even pay for such services (Blaser: 2013). Against this backdrop, Samriddhi's intervention aiming at an improvement of the service delivery through the development of extension agents is considered relevant.

3. Samriddhi project contributions to the RAS System

This chapter analyses Samriddhi's contributions to the RAS system, while differentiating between contributions to the supply side and demand side of RAS.

One needs to consider that in the course of the project evolution, the role of Samriddhi considerably changed: Previously, the project directly supported service delivery through NGOs, currently the project exclusively facilitates linkages between the RAS actors, as proposed by the M4P approach.

Before the merger of LEAF and SAAKTI, LEAF focused on the demand side of RAS by strengthening the producers' organisational capacity and advocacy work, whereas SAAKTI contributed to the supply-side of RAS by improving the service providers' capacities to provide holistic and quality services.

After the merger of LEAF and SAAKTI, demand-side contributions were slowly phased out. The reason for SAMRIDDHI growing focus on the supply side of RAS lies in two assumptions:

Samriddhi assumes that RAS is able to evoke a positive impact on farmers' income if

- 1) RAS are holistic,
- 2) RAS create a value added to agricultural products,
- 3) RAS are used by farmers.

Samriddhi assumes that producers use services

- 1) if services are affordable, accessible, and have a direct positive impact on their income,
- 2) if producers attribute the positive changes on their income to the services. (Dietz: 2014)

The subsequently described project contributions most strive to enhance the capacity of service providers to provide holistic, affordable, and accessible services that create a value added to agricultural products.

3.1. Contributions to the RAS design

A major contribution of Samriddhi is the development and establishment of a RAS design that combines the following ideas:

- **Connecting value chain actors** to the RAS system through locally based agents, the so-called Local Service Providers (LSP): LSPs work as key agents between Micro and Small Enterprises (MSE), financial service providers, input suppliers, processors and traders. As a result, producers are able to get required information, inputs and services from only one person.
- **Service provision at the doorstep** through LSPs: Samriddhi supports service provision through extension providers living in the neighbourhood of the producers. This increases availability, accessibility, and affordability of RAS, although for producers living in remote areas.
- **Service and collection centres** led by Service Providers' Associations (SPA) or other market actors: With that, Samriddhi aims to increase access to information, and to reduce transaction costs through bulk trade.
- **Reduction of transaction costs** through MSEs and through collection centres: MSEs operate as production entities and sale bulked produce. This enhances the marketability of smallholders' produce by reducing transaction costs for buyers, which would not enter into market relationships with individual smallholders.

Demand side intervention

Between 2010 and 2013, Samriddhi spent CHF 1.3 million (approx. 16% of total project budget) on capacity building and coordination of 1899 Ward Platforms (WP). WPs are institutions with the goal to represent communities in local government and to advocate for their needs. WPs evolved from previous Cluster Platforms and Community Based Organisations that were supported by SAAKTI. Samriddhi contracted around 18 local NGOs to capacitate the WPs to represent themselves in local government structures and to advocate for their interests (Samriddhi: 2013). This support came to an end in July 2013 and currently Samriddhi leaves it up to the LSPs whether they want to support MSEs in their advocacy work (Talukder: 2014). Instead, to organise the demand-side of services (producers) in a business-like way and to reduce transaction costs of RAS delivery and sales, the project supported the formation of producer groups through LSPs. These producer groups are known under the label Micro and Small Enterprises (MSE). In order to assess the needs of MSEs, LSPs – with support of the project - facilitate participation of MSEs in annual RAS planning meetings. In the frame of these planning meetings, producers and LSPs/SPAs jointly elaborate financing and delivery mechanisms for the RAS services.

Learning: Producer groups are a way to reduce transaction cost of small-scale producers through a higher degree of organisation. Through networks of MSEs, poor producers and women are able to access credits although they don't have collateral to offer.

Learning: Direct involvement of MSEs into RAS planning increases the potential of RAS to be demand-driven, and increases the readiness of producers to pay for the services.

3.4. Contributions to capacity building

The project contributed to capacity building at both the demand and the supply side of RAS.

Capacity building of RAS providers (supply side contribution)

Samriddhi assumes that farmers will pay for RAS if they get accessible and affordable services that allow them to increase their income. That is why capacitating RAS providers to provide such services, is considered a core function of Samriddhi. Until June 2013, Samriddhi spent a total of 310,000 CHF for capacity building of LSP and SPAs, which is approx. 3% of the total Samriddhi budget (Samriddhi: 2013).

The capacity building aimed at strengthening personal skill of extension staff. The training offered for LSPs and SPAs include (Gias: 2014 & Dietz et al.: 2013):

- Trainings on organisational development
- Trainings on business planning and financial management skills
- Match-making workshops with different market actors and government line agencies
- Learning visits and exchanges with other RAS providers
- Workshops on the strategic development of SPAs
- Trainings on participatory formulation of business plans
- Trainings on facilitation and moderation for extension workers

Capacity building of agricultural producers

After phasing out the above-mentioned capacity building of WPs, demand-side support was directed towards MSEs. Beside extension services, Samriddhi supported NGOs to train MSEs in business planning (Samriddhi: 2013).

In mid-2013, the collaboration with all NGOs and thus the training of WP and MSEs was phased out. With this, the grassroots advocacy component of the project ended. To institutionalise the exchange between LSPs/SPAs, WPs and MSEs, Samriddhi promoted an annual meeting of all stakeholders in order to conduct a participatory planning of the services and its financing.

Learning: Samriddhi phased out support, although not all WPs and MSEs were considered able to continue their work without project support. This enabled the project to on activities with higher sustainability potential.

3.5. Contributions to rural advisory contents and methods

The former SAAKTI project directly contributed to the content of RAS by elaborating learning modules on sustainable agroforestry methods (SAAKTI: 2008). SAAKTI established a Regional Resource Pool for knowledge and innovation exchange that allows LSPs to access new advisory contents. With the merger of SAAKTI and LEAF, such direct project involvement in elaborating extension contents ended and the Resource Pool was not maintained any longer. Samriddhi consequently focused on facilitating the private sector or government line agencies (GLA) to provide technical know-how and training to SPAs and LSPs.

An on-going project contribution to the RAS content is the regular assessment of output markets. With market analyses, the project aims at identifying promising new value chains (VC) Further, in case an SPA decide to offer services for new VC, the project facilitates related capacity building.

3.6. Financial contributions

While SAAKTI supported WPs with funds enabling them to pay for RAS, Samriddhi did not directly subsidise RAS delivery in form of direct payments neither to the supply nor to the demand side of RAS. The delivery costs are born by MSEs, line agencies or private market actors (Samriddhi: 2013).

Nonetheless, the services offered by the LSPs were subsidised: the project financed a large part of capacity building, networking and market development activities of SPAs and LSPs with almost two million CHF (~20% of total project budget) until mid-2013 (Samriddhi: 2013). This support to SPAs and LSPs is a considerable subsidy to RAS delivery, although not a direct and expectedly not a never-ending one.

The support was gradually phased out since 2012. In 2013, the first six SPAs have been fully phased out of project support, followed by another 15 SPAs in 2014 (Talukder: 2014; Dietz et al. 2013). The process of phasing out correlated with the performance of SPAs: Well performing SPAs were phased out, while weakly performing SPAs still get support in form of capacity building and organisational development through an innovation fund (Uraguchi: 2014). SPAs can submit proposals for learning and networking activities in order to access finances of the innovation fund.

Learning: From the beginning of Samriddhi, no direct subsidies for RAS delivery were paid, but facilitation and training costs of LSPs and SPAs. This increased the chance of the RAS system to become financially sustainable.

Learning: Phasing out of project support for selected SPAs began before the overall phasing out of the project. This allowed the project to observe possible challenges arising with the phasing out of support.

3.7. Contributions to coordination and networking activities

In order to increase opportunities of SPAs and LSPs to be trained and employed for RAS delivery or sales of inputs, Samriddhi identified market actors for selected VCs and supported linkages between SPAs, VCs actors and other RAS stakeholders, such as research institutions, private and public sector entities (Talukder: 2014).

Enabling linkages to value chain actors

The project also counts on networking for what concerns the agricultural innovation system. It assumes that through well-maintained relationships among VC actors, SPAs are able to access continuously updated agricultural knowledge and innovation (see: 5.1). Therefore, Samriddhi coaches the SPAs to create and maintain such linkages to other actors.

Samriddhi has been successful in forming sustainable business relationships between (inter-) national and regional companies and the SPAs. These collaborations are increasingly independent of project initiatives. There are almost 100 private companies employing the LSPs via SPAs to expand their retail network. On average, each SPA has business relationships with over four private sector companies (Samriddhi: 2014).

Enabling linkages to finance institutions

Although Bangladesh is a pioneer country for micro finance activities, the target group of Samriddhi has trouble in accessing financial products that are adapted to their needs in terms of loan amount, collaterals and repayment schedules. That is why the project has supported LSPs in developing advisory services on financial literacy and business planning, and created linkages with (micro-) financial services providers (MFIs). Samriddhi facilitated linkages between MFIs, SPAs and LSPs, with the idea behind that MFIs train SPAs on financial products, and LSPs then inform and facilitate farmers to access these products (Reza et al: 2014).

Learning: Making financial services part of the RAS system allows LSP/SPA to offer holistic services that farmers are ready to pay for. It was assessed that poor farmers' and women's access to financial products significantly increased through the networking and information services of LSPs and SPAs (Reza et al: 2014).

4. Efficiency of the contributions

This study calculates efficiency based on a very rough calculation dividing the total project costs by the number of farmers reached with RAS.

Total project funding / number of farmers accessed by RAS

Funding: 2004-2010: SAAKTI CHF 4.2 mio (MTR LEAF SAAKTI: 2010)

Funding: 2004-2010: LEAF CHF 14.9 mio (MTR LEAF SAAKTI: 2010)

Funding: 2010-2013 (-15): CHF 8.4 mio (Samriddhi: 2013b)

Total funding: CHF 27.5 mio

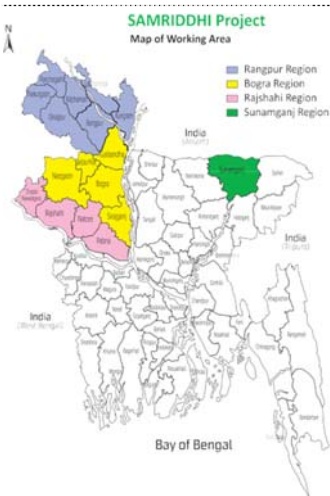
Directly targeted farmers: 750'000 (54% women)

→ 27.5 Mio. CHF / 0.75 Mio. farmers = ~37 CHF per farmer directly provided with RAS

There are two reasons for relatively low costs of extension services:

- Bangladesh has one of the world's highest population density. Thus, although by doing only short distances, an extension worker can reach out to many farmers
- Private sector and government finance 73% of the total value chain activities of SPAs and thus co-finance the RAS system considerably.

5. Outreach of the contributions



Samriddhi's contributions led to the functioning of a private RAS system based on LSPs and SPAs that is operating in Rajshahi and Rangpur Divisions and Sunamganj District (~400'000 RAS users), as well as in some adjacent regions (~350,000RAS users).

Figure 3: Samriddhi RAS Area (Hossain et al: 2014)

6. The RAS system after Samriddhi's contributions

This chapter provides an overview of the RAS system in Samriddhi project area after the project intervention. It describes the RAS system's stakeholders, its pluralistic dimension and agricultural knowledge system. Finally, the chapter assesses the effectiveness of the RAS system with focus on producers' livelihoods and food security, the expected sustainability of the RAS system and its inclusiveness.

6.1. Evolution of the Samriddhi RAS system

Since its foundation through LEAF and SAAKTI project, the Samriddhi RAS model has depicted three basic elements of evolution:

1. **RAS financing system:** From voluntary service delivery of LSPs, to a subsidised service provision, and further to fee-based RAS services financed by diverse stakeholders demanding RAS.
2. **Knowledge system:** From NGO-based capacity building of extensionists to a knowledge and innovation system based on private companies and government agencies.
3. **RAS content:** From a thematic focus on agro-forestry to thematically diversified and holistic RAS services including business advisory and financial services.

The following information refers to the current RAS system after these evolutions.

6.2. Design of the "new" RAS system

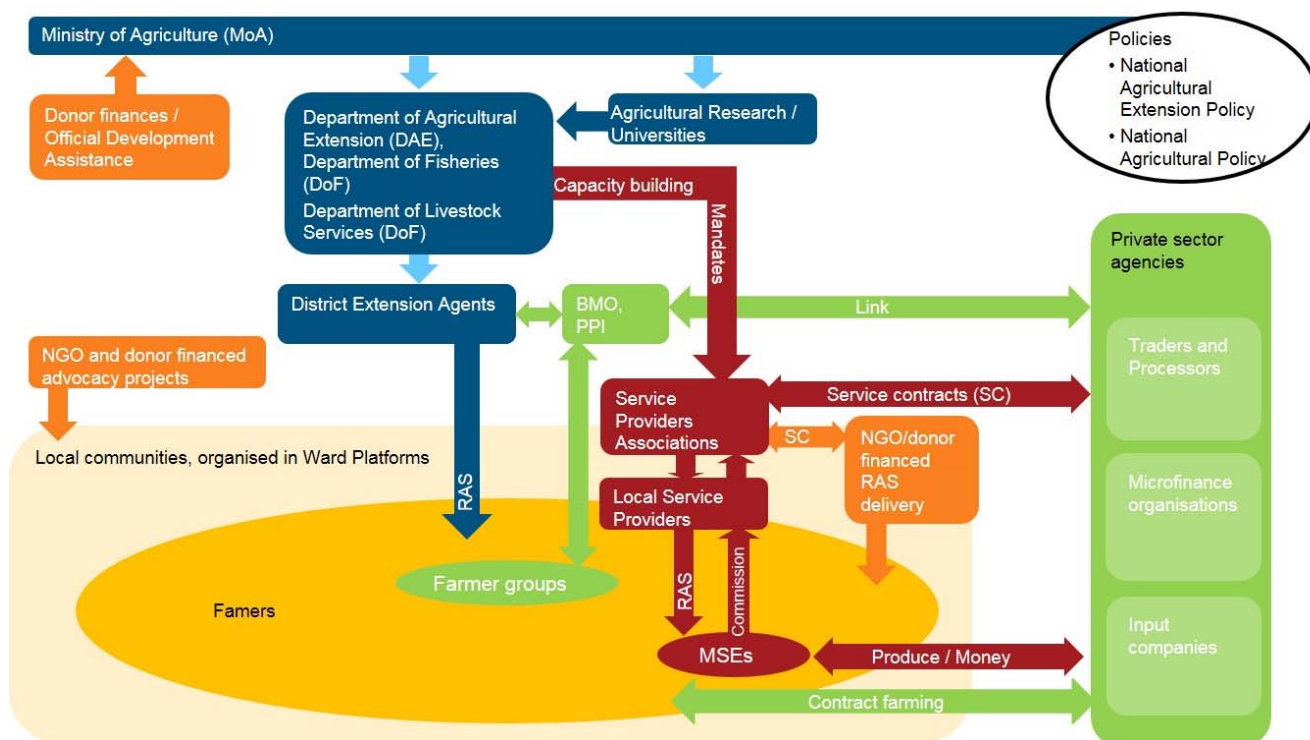


Figure 4: RAS system and its stakeholders: Green: private sector RAS actors / red: Samriddhi RAS actors / blue: Public RAS system / orange: donor and NGO financed RAS actors. (Author's own figure)

Table 1: Overview of the RAS system's stakeholders (adapted from Dietz et al.: (2013))

Local Service Providers and Service Providers Associations	Lead-farmers developed as LSPs and organised in SPAs. They provide services for which they are mandated by MSEs, individual farmers, private sector agencies and GLAs. SPAs operate service centres in market places and facilitate linkages between private sector agencies, GLAs and LSPs.
Micro and small enterprises and their networks	MSEs are producers that are organised in MSE to receive support services from LSPs. MSE networks combine approx. 20 MSEs.
Private sector agencies in input markets	Private sector companies such as vegetable seed producers, producers of vaccines, producers of pesticides, animal drugs and animal feed, etc. They train LSPs or organise demonstration plots through LSPs.
Private sector enterprises in output markets / traders	Vegetable traders, animal traders, garment manufacturers, pharmaceutical companies employ LSP to provide trainings on the required produce and organise bulk sales of produce.
Private financial service providers	NGOs or banks offer financial services via LSPs to producers. They also train LSPs on financial products.
Business Membership Organisations (BMO); Contract farming	Other market based RAS initiatives, e.g. the SDC/Swisscontact Katalyst project.
Government line agencies (GLA)	GLAs provide RAS themselves and complementary mandate SPAs/LSPs to provide services.
Universities and research institutes	They are linked to the GLAs, but weakly linked to private RAS providers
Donors	Provide funds to the MoA in order to strengthen its services. Finance NGOs to provide RAS to the local community. Train extensionists on extension content and methods.
Farmers	Agricultural producers not organised in farmer groups or MSEs.

6.3. Description of actors in the “new” RAS system

I) RAS Providers – LSPs and SPAs

- LSPs and SPAs are the core of the market development approach of the RAS system. In June 2013, **4.923 LSPs** (22% women) offered services to producers. Two third of all LSPs are member of one of the **63 Upazila (sub-district) based SPAs**, while the others offer their services on an individual basis (Samriddhi: 2014).
- SPAs are responsible to establish functional linkages with the private and public sector in order to acquire mandates for LSPs. Up to date, 63 SPAs have established linkages with 126 private sector companies and GLAs - on average SPAs have contracts four to five private companies (Samriddhi: 2014). These SPAs became accepted players in the country RAS system: In 2014, the private actors came up for 73% of all value chain activities of SPAs, and their contribution is expected to increase (Samriddhi: 2013/14). However, SPAs sustainability is not yet fully ensured. Although LSPs pay member fees and service commissions to the SPAs, some SPAs still finance a substantive part of their activities from project funds (MTR: 2012 and Blaser (2014)).

II) Government line agencies (GLA)

The **Department of Agricultural Extension (DAE)** is the country's largest public extension agency. DAE has the mandate to provide extension services in field crops, fruits, vegetables, spices, and also integrated farming systems. In practice, it mainly deals with major field crops, especially cereals. Complementary, the **Department of Fisheries or the Department of Livestock Services** are mandated to provide specific services to the rural population in their respective thematic areas. These GLAs have only meagre resources available to provide the expected support to a large number of farmers. That is why the GLAs are interested in collaborating with SPAs and through them reaching out to farmers more efficiently, including those living in remote areas. In order to enable LSPs to provide the required services, line agencies provide initial and on-going training to LSPs through SPAs. (Dietz et al. 2013)

Learning: The complementation of the public RAS system with private service providers is in this case benefitting to all stakeholders: Farmers get the promised trainings and inputs, GLAs pay less due to relatively lower salaries of LSPs, and LSPs get public finances to provide RAS.

III) Value Chain actors of Samriddhi RAS system

Three stakeholder categories belong to this group. Their demand for RAS provided by LSPs relies on LSPs capacities to provide proper and result oriented services. (Dietz et al.: 2013; Samriddhi: 2013)

- 1) **Micro and Small Enterprises (MSEs)** are producer groups that have been organised by LSPs with support of the project. The MSEs are the actual target group of the project. They use RAS and inputs provided by LSPs. Their role in the RAS system is:
 - to participate in planning meetings and elaborate jointly with LSPs yearly production plans, define required services, inputs, and a respective financing mechanism.
 - to produce and sell their produce according to the agreement with LSPs/SPAs,
 - to pay for inputs and services as agreed in the yearly planning

In 2015, over 455,000 producers (47% women; 35% poor and extreme poor producers) were organised in 5,700 MSE. Many of these MSEs are organised in one of the over 200 MSE networks, which allows them to better access financial products. Another 300,000 producers were linked with LSPs without being member of an MSE. Of those farmers using LSPs, women are more likely to participate in MSEs. However, Blaser (2013) is concerned about the inclusiveness of MSEs and other farmer groups. He has observed that some farmers are members of several project supported farmers groups, while others are never selected to participate in such groups.

- 2) **Private input suppliers** sell the following inputs via LSPs or directly to farmers: pesticides, vaccines, pheromone traps, de-worming tablets, feed, seed, medicine, organic fertilizer, compost and vermin-compost via. They provide trainings via SPAs to LSPs on the proper use of the inputs. Input suppliers account for the greatest number of involved private agencies. However, the total income LSP raise by working as input sales agent accounts only for 10-15% of the total LSP income.
- 3) **Output traders** include vegetable traders, animal traders, garment manufacturers, pharmaceutical companies. They agree with SPAs on production and trade plans and provide trainings via SPAs to LSPs. Output traders buy produce of MSEs that was upgraded in terms of quality and bulking, while SPAs and LSPs organise the sales through their collection centres. Traded products include fattened bulls, chicken, fish, vegetables, fruits, and crafts (Samriddhi: 2014b).

In 2014, 126 private companies (from input and output markets) were engaged in the RAS system. (Samriddhi: 2014) The contracting companies include many national, but also international companies such as ACME, Syngenta, Novartis, whereas the network with input traders is far better developed than the collaboration with output traders.

IV) RAS actors of complementing RAS programmes

Other market based RAS initiatives, e.g. the SDC/Swisscontact Katalyst programme enables farmer groups' access to trainings from government extension offices and private companies through Business Membership Organisations. This collaboration increase farmers access to input and output markets at their district capital.

V) Financial service providers

(Micro) finance institutions have elaborated and offer about 11 different financial products that are well suitable for those value chains the MSEs are working in. In order to disseminate these products, (micro) finance institutions employ and coach SPAs and LSPs to train MSEs on financial products and to facilitate credits. (Reza et al.: 2014)

6.4. Pluralistic dimension of the RAS system

The goal of the National Agricultural Extension Policy of Bangladesh is to: "Encourage the various partners and agencies within the National Agricultural Extension System (NAES) to provide efficient and effective coordinated services which complement and reinforce each other, in an effort to increase the efficiency and productivity of agriculture" (NAEP: 2012).

The RAS system of the project area is insofar pluralistic as, private actors, NGOs, producers (MSEs), and government line agencies, finance and offer part of the services. Such pluralism of the RAS system is expected to sustain: On the one hand, through other initiatives that are working in the area of market-based RAS provision. On the other hand, through the SPAs that will follow various strategies to finance their services. They may be working as social entrepreneurs by trying to access further NGO/donor funds, or become private businesses by intensifying their work with private sector agencies or GLAs.

Table 2: Pluralistic dimension of the RAS system (adapted from Schmidt: 2012)

Source of finances	Service Providers					
	Public sector	Private Sector			Civil Society	
		Input supplier	Processors / traders	Private RAS providers	NGO	F O
Public	DAE, DLS, DoF and research institutions offer services for free.			GLAs employ SPAs to provide RAS. GLA train LSPs and provide them with inputs (mostly vaccines and medicines)		
NGO/Donors	ODO for MoA to provide services	Samriddhi and Katalyst facilitate linkages: LSPs <-> VC actors / PPI		Samriddhi trains LSPs and SPAs	Free services offered by many NGO's	
Private companies		LSPs as sales agents receive commissions	Trader and processors linked to MSEs	LSP link MSEs with financial institutions (commission agent)		
		Other private input suppliers		Private companies provide training to SPAs/LSPs. Service Centres ran by SPAs		
Farmers (MSEs)		Private companies (sell inputs directly or via LSPs to farmers)		SPA rent out agricultural equipment		
Farmer org.						

6.5. Agricultural knowledge system

SPAs are expected to access knowledge and trainings from private sector agencies or GLAs, such as the Department of Livestock Services (DLS), Department of Agricultural Extension and the Department of Fisheries (Dietz et al.: 2013). Examples are:

- The DLS trains LSPs via SPAs on vaccination procedures. In the following, the DLS mandates SPAs to organise vaccination camps.
- Private sector companies train LSPs via SPA on the proper use of chemicals or seeds that the companies sell via LSPs to MSEs.

Depending on business models of SPAs, such trainings will be maintained after the phasing out of the project. Another way for SPAs to receive knowledge and mandates is to strengthen their collaboration with international NGOs interested to employ LSPs to reach their project goals.

LSPs' demand for capacity building

Since Samriddhi scaled down capacity building contributions, LSPs' and SPAs' demand for capacity building support from public and private entities increased. In an assessment in 2013, LSPs felt that the support for capacity building should cover a greater range of skills and knowledge in order to react on farmers' requirements for trainings (Samriddhi: 2013). Also Dietz et al. (2013) mentions that "SPAs and LSPs still face challenges of becoming sustainable, because their knowledge and the viability of their services require increased organisational, financial, and technical capacities." This raises the question, whether the established linkages are strong enough, respectively whether the knowledge system actors are able to link up in a way that LSPs eventually access the required knowledge and innovation.

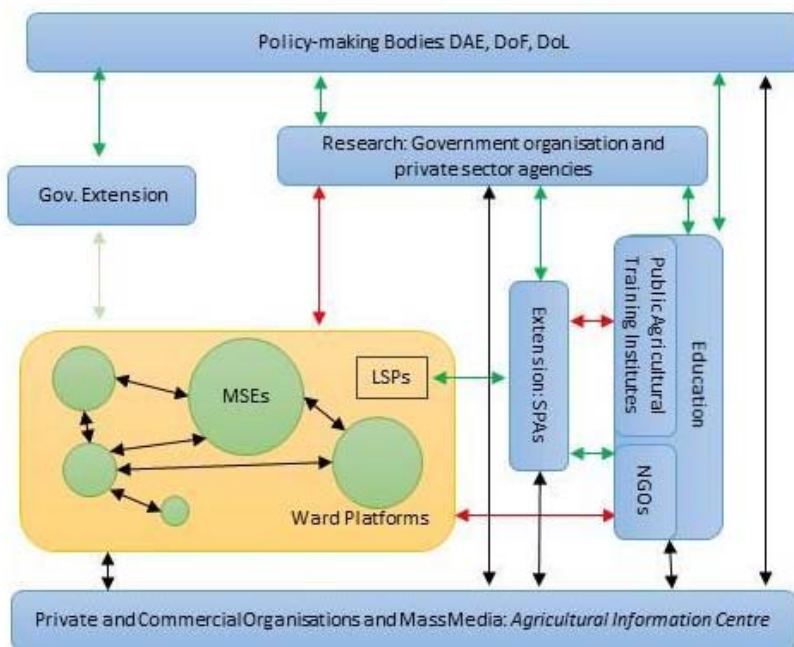


Figure 5: Agricultural Knowledge System: green arrows: functioning linkages; red arrows: no functioning linkages; black arrows: no linkages planned by the RAS system. (Author's own figure, based on Agridea: 2006)

7. Effectiveness of Samriddhi RAS system

This chapter discusses the effects of Samriddhi RAS system on the livelihoods of producers and LSPs.

7.1. Effects on food security and household economic

„Bangladesh has achieved considerable progress in domestic food production but still poverty related food insecurity is widely prevalent and the number of hungry people has increased to 2.4 million persons in the last decade“. (Karim: 2009)

Samriddhi acts according to the impact logic that higher income and yields increase farmers' access and purchase of food and thus their food security. Data on the real impact on food security were not assessed by the project since food security is not an explicit project goal. However, one can assume that VCs aiming at food production for local markets have a positive impact on farmers' access to food: These VCs are improved fisheries, duck and chicken breeding, fruit and vegetable production.

Other VCs aim at fostering products that are not mainly consumed by poor producers and thus compete with local food production. These VCs include bull fattening or medical plants if these activities require agricultural field, where before farmers grew food. However, these VCs are among the most profitable ones and are expected to sustain in the long run.

One can attribute the following economic effects to the LSP RAS system:

- Until June 2014, LSPs were able to provide RAS directly to around 750'000 poor and extreme poor producers (54% women) and allowed them to **upgrade existing VCs or enter into new VCs**. (Uraguchi: 2014b). In total, 12 VCs have been established, whereas nine VCs created a value added through reduced transaction costs and higher quality. The three other VCs (goat rearing, jute crafts and plant crafts) were phased out.

Learning: Working only on VCs that have the potential to generate a value added through RAS is a consequence of the Samriddhi market approach for extension delivery. This excludes the promotion of pro poor value chains with little value added, that would depend on long-term project support, but might benefit the poor.

Table 3: Value chain development and number of producers involved. (Dietz et al.: 2013)

Value chain	Number of producers (end 2012)	Assets/inputs required
Bull fattening	36,109	Calf, feed, shed / stall, vaccine, medicine
Chicken	112,656	Chick, cooperative shed, feed, medicine, vaccine
Cotton crafts	23,018	Sewing machine, fabric
Dairy	39,164	Cow, shed, feed, medicine, vaccine
Duck	108,015	Duckling, feed, coop, vaccine
Fish	78,482	Fingerlings, water body (pond, river), nets, boat, feed
Fruits	71,747	Land, seedling, fertilizer, plastic crate, initial investment
Goat	59,009	Nanny goat, initial investment, feed, medicine, vaccine, shed
Jute crafts	6,948	Land, seed, raw jute, production centre
Medicinal plants	60,000	Land, seed and seedling, collection centre
Plant crafts	26,298	Raw material, production centre
Vegetables	75,100	Land, seed, fertilizer, collection centre

- In 2014, 70% of the 210,947 producers addressed by LSPs in this season adopted **new or improved technologies** and 58% **bought quality inputs** (Reza et al.: 2014). Samriddhi assumes, that these producers only adopt new technologies and inputs, if they also have an economical benefit from such change.

- 39% men-led MSEs and 54% of women-led MSE (out of 5700 MSE) have developed and implemented **business plans** in 2014. Having a business plan is crucial to access financial products (Samriddhi: 2014).
- Seven types of **financial products** suitable for 11 VCs, have been made available to MSE-networks. As of June 2013, a total of 43% of all MSEs were able to cover at least half of their financial requirements as per their business plans. (Reza et al.: 2014)
- The **private sector contributions to the VC activities** continuously increased up to 73% (BDT 3357110) in 2014, while the project financed the remaining amount of BDT 1,247,503. (Samriddhi: 2014)
- The **salary** of the 3,2610 male LSP and 807 female LSPs working with SPA continuously increased up to on average CHF 70 per month for male LSPs and CHF 33 per month for female LSPs (Samriddhi: 2014). The reason that salaries of female LSPs are only half as much as the salary of male LSPs lies in the fact that women face constraints to work full time as LSPs, and that women's mobility and thus their reach-out to farmers is limited to areas reachable on foot.
- Further, differences between value chains are substantial: livestock performs best (CHF 150 per month), while for some LSPs, for instance in the three crafts' value chains, service fees and commissions are only a side income (CHF 15 Taka per month). Currently, LSPs income from retailing is still low in comparison to returns from business services (10-15% of the total monthly income of the technical LSPs) (Samriddhi: 2012).

Learning: Thanks to the inclusion of women in MSEs, women and men farmers within the Samriddhi RAS system have equal access to financial products.

7.2. Ecological effects

Samriddhi has not analysed the ecological effects of the RAS system. The RAS system is mainly working through private sector agencies providing agricultural inputs. Generally LSPs reach upgrading of value chains through an intensification of agricultural production, and only marginally through improved quality of agricultural products. In all cases, such intensification is often combined with an increased usage of mineral fertilisers or hybrid seeds. This raises the question how such agricultural change will affect natural resources in the long run, and who could train farmers on sustainable soil management in such an intensified production system.

Further, SPAs are working with two of the greatest GMO seed producers, Syngenta and Novartis. The author thus sees an ecological as well as social risk of GMO dissemination through LSP distribution channels as soon as GMO will be less restricted in Bangladesh.

Samriddhi let it up to market actors to decide about what agricultural practices farmers want to promote and thus loses its influence and the RAS content. This led to the above-described situation that might contradict the goal of promoting a sustainable agricultural production system. The experiences of Samriddhi show that the combination of sustainable agriculture promotion with the M4P approach definitely needs further discussion and innovation in M4P RAS designs.

7.3. Social effects and inclusiveness of the RAS system

- Approximately half of the LSPs, mainly men, work full-time as service provider and are able to make a living based on service provision. For the remaining LSPs, the income from service provision and commissions accounts for a welcomed topping up of their income from other activities.
- The selection of pro-poor orientated value chain allowed for inclusion of poor farmers in the RAS system: e.g. cultivation of medicinal plants along the roads doesn't require land. As result, over 54% of the RAS users are women, and 35% are poor and extreme poor (Samriddhi: 2014). Samriddhi has so far been able to prove that it is possible to engage poor people, and women, in market and value chain development - at least in a manner that brings them financial benefits. The benefits and the

participation of poor farmers differ by value chains,

- The subsequent table shows that chicken and duck breeding are value chains with a high percentage of participating women. They are also applied by a large share of MSEs. Other value chains, e.g. jute craft, medical plants, and plant crafts have a high share of participating women, too, but only 1-7 percentage of the MSEs work in these value chains – they are thus less important for the overall impact. Carter et al. (2014) states that value chains that are considered socially appropriate for women are generally those
 - o that are located close to, or at least not far from, home,
 - o that require particular dexterity or patience,
 - o and/or include nurturing.

Value chain	Men	Women	% of women in VC	% MSEs in VC
Bull fattening	26721	9388	26%	5%
Chicken	15772	96884	86%	16%
Cotton crafts	2532	20486	89%	3%
Dairy	25065	14099	36%	6%
Duck	20523	87492	81%	16%
Fish	65925	12557	16%	11%
Fruits	61702	10045	14%	10%
Goat	14162	44847	76%	9%
Jute crafts	3127	3821	55%	1%
Medicinal plants	21654	29903	58%	7%
Plant crafts	10782	15516	59%	4%
Vegetables	49566	25534	34%	11%
Total	317531	370572	54%	100%

Table 4: Number of farmers participating in upgraded VCs. Green: Women dominated VCs; yellow: with more than 10% of farmers participating, quantitatively relevant VCs (adapted from Carter et al: 2014)

Figure 6 makes clear the “correlation between financial potential and women's involvement, with women tending to be involved in value chains that have the least potential for added value” (Carter et al.2014). Carter et al. (2014) also show that most of these value chains are not highly profitable, whereas medicinal plants and dairy are exceptions.

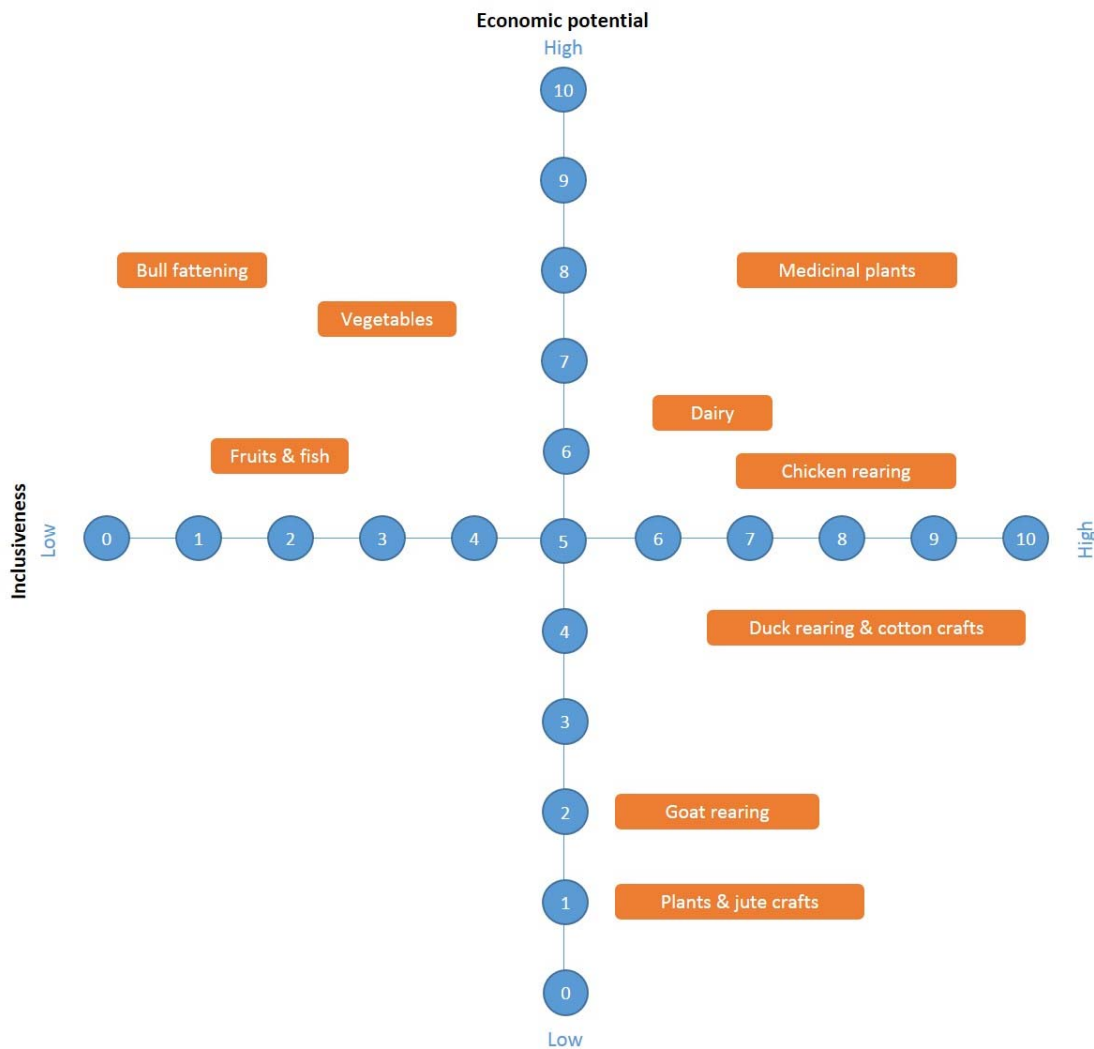


Figure 6: Graph showing economic potential versus inclusiveness of the 12 value chains supported VC under Samriddhi (adapted from Carter et al.: 2014).

The RAS systems strategies to tackle the challenge of being inclusive

1. **The development of inclusive value chains** has widened the outreach to extreme poor, poor and women. These VCs are medicinal plants, chicken and goat rearing, dairy production, plants and jute crafts.
 - a. Women constitute 70% -77% of the producers of cotton crafts, chicken and duck breeding, and goat rearing.
 - b. Extreme poor and poor constitute 45% in fruit production, 60% in chicken, duck, and goat rearing as well as in the cotton, jute and plant crafts VC.

However, among the inclusive VCs, only chicken breeding, dairy and medicinal plant create a value added through RAS. It is expected that only these VC will be maintained in the long run.

2. **Many of the LSPs themselves used to belong to the group of poor and extreme poor in their community.** Their work as LSPs has lifted them out of poverty. As they live in the

- community, they are easy to contact by MSEs and their members.
3. **Local service centres run by SPAs** are often initial contact points with local producers. The access to service centres saves time and cost, particularly for the poor. (Dietz et al.: 2013) They may act as information hubs as well as bulking places for inputs and outputs. They can be open to any client and therefore include also marginalised people. (Blaser: 2013)
 4. **Being local and deliver service at the doorstep:** LSPs have a higher degree of accountability and access to their services to the local community than an outsider would have. All these factors support the focus of SPAs / LSPs on the poor and extreme poor.(Dietz et al.: 2013)
 5. **Due to the “hands-holding”** or guiding role of the project, SPAs and LSPs are encouraged to make sure that lead farmers include small and marginal farmers as well as women in their farmer groups (Blaser: 2013). This will be maintained at least in those SPAs that strive to become a social entrepreneur financed to a great part by NGOs or social enterprises.

8. Sustainability of the RAS system

This chapter provides an overview of the factors required to ensure that the RAS actors continue to offer and use the Samriddhi RAS system after phasing out of Samriddhi. The table shows where the RAS system stands in maintaining these factors and what constraints it faces. Most of the information given bases on Dietz et al. (2013) and Blaser (2013).

Factors that foster the sustainability	RAS system's capacity to maintain these factors	RAS system's constraints to maintain these factors
The RAS system has the capacity to benefit all involved stakeholders: service clients (MSEs and private and public sector agencies) and service providers.	Some of the VCs / services as well as the collaboration with GLAs have the capacity to benefit all involved stakeholders. Such as bull fattening, input provision, medical plants, livestock support (GLA) . These activities are expected to sustain after the project's phasing out.	To maintain the VC, a professional organisational body (SPAs) is needed that employs service providers, manages contracts between stakeholders and ensure quality of the services. The capacities of SPAs are still diverse and 43 out of 63 SPAs are yet supported by the project (some at a minimum level)
The service is holistic and meets farmers' expectations in terms of contents, delivery method and language.	The Samriddhi services include financial products, business plan elaboration, input supply and facilitation of output markets. They are considered well holistic.	Many farmers are not willing to pay “only” for the organisation of trainings. That's why RAS is mostly supply and not demand side oriented i.e. government extension service or input companies offer embedded services related to their inputs.
Working with large private sector companies is a key to improve sustainability, outreach and up scaling possibilities.	ACME, Novartis and Syngenta are some of the large companies the SPAs are working with. (PSMU: 2013)	Assisting multinationals to set up their distribution channels bears the risk that these companies use the channels to distribute genetically modified organisms or other inputs that may threaten ecologic and social sustainability.
The services are available at the doorstep.	LSPs are locally based service providers and able to access farmers at the doorstep.	

The services are affordable and create a value added to the persons using the services.	<ul style="list-style-type: none"> – 9 of the 12 promoted VCs, and in particular bull fattening, create a value added to MSEs. – The private sector co-finances 73% of the services and thus reduces the service costs to be paid by farmers (Samriddhi: 2014). 	<p>Some VCs are not lucrative for SPAs such as the craft subsector and will be neglected although they might be benefiting to poor farmers.</p> <p>To create the value added, Samriddhi successfully promotes a more intensive agriculture. However, such yield gains might not be guaranteed in the long run, because intensification might lead to a loss of soil quality and biodiversity.</p>
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Table 5: Opportunities and challenges of the sustainability of the RAS system

For the mentioned sustainability factors it is most crucial that SPAs make a great work in terms of networking and developing and facilitating new value chains. That's why the SPAs' capacities to do so are described here in some more detail:

Sustainability of SPAs

Since 2013, 21 SPAs out of 63 have been phased out of project support and all of them continued to deliver their services. After graduation, the SPAs received funding from private agencies, GLAs, as well as from NGOs. However, Blaser (2013) is concerned whether the capacities of SPAs are strong enough to maintain the business relationships. Regarding the collaboration with GLAs, Blaser (2013) states that "training SPAs and LSPs instead of farmers clashes with the need of government officers to meet their target in training a certain number of farmers (themselves). As farmers might not be willing to pay for training only, (...) there is a risk that LSPs would not be motivated to propagate their knowhow (without combining it with other business activities.)" For these reasons, Blaser (2013) presumes that at least some SPAs might rely on NGO support for still a long time and Gias (2014) confirms that NGO mandates play a considerable role in the phased out SPAs (Gias: 2014). Continuous donor support might torpedo SPA's motivation to become private businesses that are sustainably financed by private sector agencies or GLAs. This, however, needn't contradict the sustainability of SPAs, since donor support for rural development is expected to continue in Bangladesh for the next years. Regarding to the M4P approach, one have to state that despite Samriddhi's strong market orientation, donor funds are still crucial for the delivery of services – in particular in VCs with a high poverty orientation.

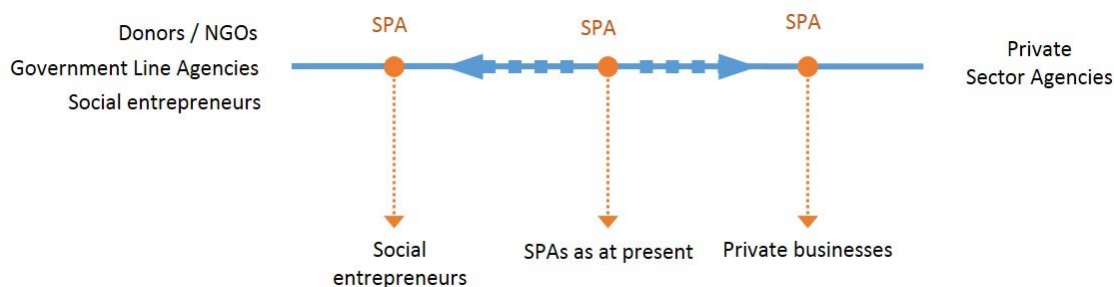


Figure 7: Possible source of funding for SPAs in future: SPAs will become either social entrepreneurs financed mainly by donors or GLAs, or private businesses financed by private sector agencies. (Author's own figure)

In some SPAs, members commit their work voluntarily without generating a regular income. This let assume that there is another, probably social motivation for SPAs to deliver services. The following factors will play a decisive role for the functioning of the SPAs and thus of the RAS system:

- **Amount of commission** the LSPs raises on their input sales. Usually around 3% of the turnover is provided to SPAs.

- **Quality of SPAs:** Yet 62% of LSPs are members of SPAs. The remaining LSPs don't trust into the capacities of SPAs to connect them with service clients. Only with a well-established network and advances business capacities SPAs will attract LSPs as members – the source of their income.
- **Social factors** motivating SPAs to offer services, such as reputation, social responsibility, etc.
- **Accreditation by the government:** The SPAs that are accredited by the GoB increased their credibility and have a higher chance to get service mandates.

Learning: By issuing accreditations and approving the the quality of service providers, the government can support private RAS.

In 2013, more LSP expressed satisfaction with the support of their SPA than before and participation of LSPs in SPAs increased to 62%, which might be a sign of better management capacities of SPAs (Samriddhi: 2014).

9. Conclusion: Innovation and learning from Samriddhi

Build capacities first, then promote the extension services

In the case of Samriddhi, the RAS system was first established at village level. As soon as sufficient qualified LSPs covered the project area, Samriddhi promoted the LSP system to GLAs and to private sector agencies. This way, the future RAS system actors did not need to bear the risks that may arise in the first time of establishing the system. Further, the system could already proof its effectiveness what rendered the promotion of LSP services easier.

The business case – RAS benefitting to all stakeholders

A strength of the Samriddhi approach is its focus on business cases. According to the M4P approach, Samriddhi assumed that only those VC that benefit all stakeholders of the RAS system, will sustain after the project phased out. Accordingly, Samriddhi put great effort to conduct market studies in order to define VCs that create a value added to all stakeholders. The project also consequently phased out support to VCs in which RAS could not create such value added. With such strategy, Samriddhi succeeded to establish services that are expected to be financed without further project support.

With two VCs, medical herbs and chicken breeding, Samriddhi succeeded in creating a business case for poor, also landless farmers.

As persuasive such approach is, its drawback lies in the fact that most of these business cases based on intensification of production, and thus might not be ecologically sustainable.

Combine financial services with embedded services

The combination of embedded services with financial products is key to integrate poor farmers into VCs that require increased input supply. Such VC often create a high value added, at least in the short term. In the case of Samriddhi, MSEs receive support from LSPs to develop joint business plans. Based on these business plans, MSEs supported by LSPs are able to apply for the credits they need for their agricultural production.

On the one hand, such mechanism is possibly the only option to allow poor farmers to access credits, although they do not have collaterals to offer. On the other, one need to put a critical eye on such credit/input mechanism and support farmers to mitigate the risk of getting into debts caused through miss harvests or overrated expectations.

Local and relatively cheap service provision

In Samriddhi locally based LSPs offer RAS. This decreases transportation fees and fosters availability of service providers in urgent cases. Locally based service providers may also foster the inclusiveness of the RAS system, since the service providers know the living conditions of producers. This all leads to the fact that LSPs are, compared to public extension service providers or professionals of private sector agencies, relatively cheaper and better accessible for farmers.

Holistic services and diverse roles of LSPs

The ability of LSPs to provide holistic services and therefore assume different roles, increases their potential to be employed. The roles LSPs assume are:

- Technical and business advisors to MSEs
- Input suppliers
- Facilitator of output bulking and sales
- Facilitator of links with input and output markets
- Facilitator of links with credit institutions

Fully phasing out project support during the time or the project

Samriddhi fully phased out its support to some SPAs as well as to all WPs already in the course of the project. Only such consequent step allows for an assessment of the project's impact on the functioning of the promoted RAS system without project contributions. Such step also limits never-ending capacity building activities, which often appear because capacity building indeed is a never-ending process.

In example, the phasing out of some SPAs served as example for other SPAs and proofed that it is possible to work independently of donor support. Further, in the case of phasing out support to WPs, the project brought to an end a long term-building activity, all the same, not all WPs yet had sufficient capacities to function as advocacy platform.

Inclusion of RAS users in RAS planning

With the annual planning meeting where MSEs, LSPs, SPAs agree on the financing and delivery of RAS, RAS users are directly involved in RAS planning. Such direct involvement of MSEs into RAS planning increases the potential of the RAS system to be demand-driven, and in the following strengthens producers' readiness to pay for the services.

Reduce transaction costs

The formation of MSEs is a way to reduce transaction costs for output traders, RAS providers, finance institutions and input suppliers working with smallholders. This higher degree of organisation allows for an integration of smallholders into VCs that would not be accessible to these farmers individually.

Question: How to integrate sustainable agricultural practices into an M4P RAS design?

Samriddhi established a market-based RAS system that includes poor, and very poor farmers, as well as women farmers. The system is expected to sustain with support of the Government of Bangladesh, private companies and international NGOs – all of them are expected to employ LSPs to deliver services as to their demand. There will be a range of different demands from those employing LSPs, reaching from conventional training to farmers probably required from NGOs, vaccination programmes required by the Government, or full-fledged contract farming facilitation including input provision and bulk sales.

The sustainability of the promoted agricultural services and inputs will fully depend on the clients/employers of LSPs.

There is yet no vision on how to promote sustainable agricultural practices in such RAS programmes consequently designed according to M4P. Against this backdrop and from a development point of view, further elaboration on possibilities promotion of sustainable agricultural practices into M4P RAS programmes is necessary.

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