

OUTSOURCING OF EXTENSION SERVICE –A CASE STUDY

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Abstract

Discussions on the current extension services provided by the government to the developing agriculture in South Africa identified privatisation of extension as an alternative option to improve and increase delivery in this sector. One such option is outsourcing of the service to external agencies that have comparative advantage over the government provided extension service, which the Department of Agriculture, Conservation & Environment took as their pilot project.

Four extension officers and the areas that they serve were targeted for this pilot project. They were outsourced to the University of Pretoria as the implementing Agent. This paper describes the method and procedures that were followed to run the project. It describes fully the responsibilities of the Agent and the Department, the progress made and some problems that were experienced.

This experience could serve as an example to other governments who would like to embark on a similar venture.

1. Introduction

The origin of agricultural extension in South Africa, according to Penzhorn (1987: 12) was in 1925. General Kemp, then minister of Agriculture, appointed the first six Extension Officers in 1925. According to Penzhorn, the idea of agricultural extension came from the USA and their Land-Grant Colleges. They decided to extend the existing knowledge and newer research findings to the farming community through an extension service. Penzhorn went on to say that Colonel Heinrich du Toit was the first Chief of this new service in South Africa with the title of Chief, Division of Agricultural Education and Extension.

The Extension Service of South Africa developed into separate services for Whites, Blacks and Coloureds. A brief description of each service follows:

Government, co-operatives, and the private sector served the White sector. Before 1994, the RSA was divided into seven independent regions. These regions were responsible for all the research-, extension-, education- and soil conservation services as well as certain regulatory services. Penzhorn (1987: 16) said that the purpose of the formation of regions was for closer co-operation between research and extension. Specialists from the various subjects could easily render assistance to extensionists.

In the early nineties, the Research that was done by the Department was privatised by the formation of the Agricultural Research Council (ARC). The function of the ARC is to do basic agricultural research.

Eksteen (1987: 24) describes the primary functions of the co-operative as the marketing of the farmer's products, provision of farming inputs and the sensible usage by the farmers of the credit provided. The service of co-operatives falls within a business milieu and therefore affordability and funding are important considerations in the continuation or expansion of an extension service according to Grobbelaar & Smith (1993: 51). Grobbelaar & Smith (1993: 53) said that the agricultural service by co-operatives should be needs driven, with a good balance between the needs of the individual member and the internal needs of the co-operative. Other than in the case of the departmental service, the aim of the co-operative service is for the material wellbeing of its members and to lower some of the risks of farming.

The primary aim of an organisation in the private sector is to make a profit. They will use extension if it can help them to sell their products. On a personal or individual basis it is only the top clients that are served. Some companies are forced to utilise their advisers as sales representatives.

A review of the development of an agricultural extension service for Black Farmers in South Africa must be seen against the background of the historic development of the Black nations and the respective National States; the culture of the Black people; and the interplay between two groups of cultures, the African and the European culture, each of which consists of sub-cultures (Coetzee, 1987: 32).

According to Coetzee (1987: 34) the following cultural aspects influenced agricultural extension and development in the past: Land tenure, Crop husbandry, Animal husbandry, System of settlement, Institutional development, and Religion. He went on to say that agricultural development in Black areas is not a recent development. It extends over a period of at least a century (Coetzee 1987: 35).

Where the appropriate organisational structures had been developed, the extension staff for Black Farmers started with community needs to be included in extension programmes. Programme

planning involving the whole community through local extension communities acting with the sanction of the chiefs, formed the basis of the extension approach. Although agricultural extension methods were based on the principles of community development, these were often neglected or forgotten. The tendency was to revert to the physical activities giving as they do more visible results than human development.

Coetzee (1987:43) also stated that the lack of research abilities and facilities in the National States, for research into adapted agricultural technology as well as socio-economic aspects is considered to be a serious constraint to development.

There were 24 rural areas that were divided into farming areas for Coloured Farmers (Botha 1992: 137). Farming occurred mainly on a small scale as subsistence farming. There are however a few commercial farmers in the district of Mier. He also said that the same companies that serve the White farmers serve Coloureds that farm within the white areas. Extension is given on an *ad hoc* basis and concentrates on rural development.

After the elections of 1994 and the establishment of a New South Africa, all the Extension Services of the past were merged. There is now one National Department of Agriculture and Land Affairs with nine Provincial Departments of Agriculture, Conservation & Environment. The main focus of the Public Extension Service after 1994 is on the previously disadvantaged- and emerging sectors. Van Rooyen & van Zyl, (1990, 455) reported that small farms can make as effective a contribution to economic growth as large farms. They said that a comparison of input/output ratios and cost efficiency indicates that black smallholders in South Africa, where appropriately granted access to farming support services, are approximating and under certain circumstances even outperforming large-scale commercial agriculture on a per unit basis (Van Rooyen & van Zyl, 1990, 455).

2. Method

The agricultural sector represents about 12 million people or 25-30% of South Africa's population. Agriculture is therefore a crucial sector and engine of growth in the economy (Department of Agriculture, 1998 2). A variety of new approaches have been tried by different countries to modernise and improve the efficiency of their extension services. These have included the hiring of extension staff by farmer associations or local governments (e.g., Colombia model), outsourcing (Venezuela and Chile), and outright privatisation (New Zealand, UK and Netherlands) (Department of Agriculture, 1998, 5).

According to the Department of Agriculture (1998 5), the privatisation model is not appropriate for South Africa at this time, but some of the other models may give scope for huge improvements in efficiency. At this time, it is not known which model would work best in South Africa. Moreover a model found to be well suited in one Province might not be suited to another Province. It is therefore intended to test different models by means of a pilot project in the provinces and to monitor their results carefully to determine the best practice for replication on a larger scale in future.

The North West Province Department of Agriculture, Conservation & Environment (NW DoACE) has opted for outsourcing to an external agent/institution. In this model, Government takes responsibility for establishing the policy framework and paying for the service while the Agent manages and provides the service. The DoACE put a tender out to outsource part of its extension constituency to a suitable agent/institution. The University of Pretoria won the tender and will be referred to as "The Agent". It was also agreed that the Agent might outsource some activities to the University of North West (Uniwest).

2.1 Objectives of the project

- To determine the level of production of the farmers in the targeted areas in relation to the productive potential of the land.
- To improve productivity of farmers by providing farming skills, training and advice.
- To positively change attitudes of farmers towards resource conservation and utilisation, proper farming practice and farm management principles.
- To improve the farm management skills of farmers like planning, budgeting, basic bookkeeping and marketing.
- To enhance the Extension Officer's capacity in management and technical aspects of farming to be able to advise and support farmers effectively.
- To enhance the Extension Officer's skills in extension methodology and techniques to improve their effectiveness and skills in providing extension.
- To scientifically design evaluation criteria to measure the effects of extension delivery.

2.2 Responsibilities of Agent

The Agent is expected to perform the following functions on behalf of the DoACE (Agreement, 2000 3):

- ❖ The Agent will manage the seconded staff in all aspects of their daily agricultural extension activities.
- ❖ The Agent will assess the need for and manage the required training of the seconded staff to optimally fulfil their agricultural extension duties.
- ❖ The Agent will report on the finances of the project every alternative month from the onset of the project.
- ❖ The Agent will appropriately benchmark, monitor and evaluate the progress of the project. Uniwest may be involved for this activity.
- ❖ The Agent will endeavour to make the farmers accountable for the activities and outcomes of the project.
- ❖ The Agent will report to the DoACE concerning the benchmarking, monitoring and evaluation through a final written report. The report must also include the insights gained from this project and must be submitted within two months of the end of the project.
- ❖ The Agent will appoint a suitable manager for the project and duly inform the DoACE.

2.3 Responsibilities of the DoACE

The responsibilities of the DoACE will be as follows (Agreement, 2000 4):

- ◆ The DoACE will duly second four extension officers (or their replacements) to the Agent.
- ◆ The DoACE will refrain from utilising the seconded staff for any of its own purposes.
- ◆ The DoACE will see to it that the Public Service Act and Regulations are put into operation and appropriately applied.

- ◆ The DoACE will play the role of observer in all the extension and other activities of the seconded staff during their period of secondment.
- ◆ The DoACE will see to it that the funds are transferred to the account of the Agent as agreed.

2.4 The target area

The area targeted consisted of parts of three extension wards in the Eastern Region of the department. The areas selected represent the two major commodities (crops & cattle) produced by the developing agricultural sector in the North West Province within typical communal and small-scale farming environment. Success achieved with the proposed outsourcing on these areas will therefore be replicated to most of the areas in the province.

Four Agricultural Extension Officers of DoACE were seconded to the Agent in terms of The Public Service Act 1994 (Act No. 103 of 1994) as amended and the Public Service Regulations 1999. They will work in the following areas:

- Mr. N. K. Seletswane will work in Bethanie. The area of 5 000 ha are utilised by 35 farmers (20 were inactive at start of the pilot) producing mainly maize and sunflower under dry land. The majority of the farmers own tractors with one also owning a combine harvester. There are also other small-scale farmers, who farm with broilers (8 females, 1 000 broilers) and layers (6 females + 2 males, 500 layers) as well as 20 farmers with 12.5 ha of maize each.
- Ms. J. Mokoka will work in the Jericho dry land cropping area of 3 300 ha. Of this 2 200 ha are farmed on commercial basis by 33 farmers (10 active) while the remaining 1 100 ha is being utilised by small-scale farmers on allotments of 2-3 ha each. The main crops grown are maize, sunflower and occasionally groundnuts and sorghum. The commercial farmers have tractors and implements. Ms. Mokoka also serves the Rietgat dry land project with 800 ha and 8 farmers growing the same crops as in Jericho. She also has a youth project on 7 ha producing vegetables, flowers and a nursery.
- Mr. D. M. Mache will work on the Jericho State Farms. It comprises of 14 State Farms, 23 500 ha in extent, that are divided into camps and are leased to 47 farmers who farm with 2350 head of beef cattle.
- Mr. S. Phenya will work in the Maubane ward. This area represents Traditional Villages in a communal setting. The area comprises a number of small-scale producers on 1-2 ha, occasionally more. They own a small number of livestock ranging from 1 – 35 head of cattle, with the majority owning less than 10. Some have goats as well.

2.5 Funding of the project

The projects in all nine provinces are funded by a grant that was received from the Netherlands Government. Originally the projects were planned to run over a period of one year. Fortunately the National Department of Agriculture changed that to three years. The Netherlands will fund the first year, the National Department and the Netherlands the second year and the National Department with the Provincial Department the last year.

The DoACE will pay the salaries and related benefits of the seconded personnel. On behalf of the Agent, its accounting officer will administer, utilise and manage all funds. The Agent or its accounting officer will report on the finances every alternative month from the onset until the expiry of the agreement. The funds will be deposited with the Agent, utilised and audited as part of the agent's financial system.

The following are estimates of the expenditure for the first year:

- ✓ Training of Extension Personnel

R47 250-00

✓ Consultation & Training (ARC, Technical Experts, etc.)	R51 800-00
✓ Office Accommodation and Stationary	R43 200-00
✓ Transport	R156 250-00
✓ Subsistence allowance	R17 280-00
✓ Management Cost	R125 350-00
✓ SUB TOTAL	R441 130-00
✓ Plus 5% contingency	R22.056-50
✓ TOTAL	R463 186-50

3. Results/Progress

3.1 Performance indicators

The pilot project's performance will be evaluated against the following indicators:

- i) Skills and knowledge of extension officers
 - To what extent have their extension skills improved.
 - To what extent have their technical skills improved.
 - To what extent have their knowledge and understanding of their environment and clients improved i.e. how has their effectiveness been enhanced.
- ii) Skills and knowledge of farmers
 - To what extent have the farmers' skills in managing their business improved – planning, budgeting, record keeping, etc.
 - To what extent have their technical knowledge and skills improved.
- iii) Farming practices
 - The percentage of farmers who have adopted “new” practices in respect of animal health, livestock management practises, soil preparation, weed control, pest and disease control, fertilisation, etc.
- iv) Attitude of farmers
 - The extent of change in attitude to farming as business, resource conservation and extension.
 - How do farmers view this approach to extension.
- v) Attitude of extension officers
 - Their assessment of this approach viz. The more traditional approach
 - Lessons learned from this approach
- vi) Impact
 - Improvement in productivity and production
 - Improvement in time management
- vii) Output
 - Number of man-hours spent on the project and the cost.

3.2 Implementation

The project started in July 1999. Meetings, negotiations and the drafting of the business plan and agreements took up the first nine months till end of March 2000. The official outsourcing contract was signed during March and April 2000.

A questionnaire was drawn up in collaboration with Uniwest to benchmark the extension officers in relation to their technical and extension knowledge and skills. This formed the basis of the training of the extension officers that took place from April 2000 to December 2000. Training was given in the following aspects: Extension methodology and techniques; various aspects of crop production; drafting of an extension work plan; drafting of a questionnaire to benchmark the farmers; etc.

At the onset meetings were held with the different farmer groupings to explain to them that they will now be served through the pilot project and not the old government offices. It was explained to them what their role would be. That is that the extension officers will be accountable to them for the service that they provide and that they will evaluate the extension service from this project. After this briefing the four extension officers attended to their projects as they were outlined under point 2.4 above.

4. Problems Experienced

Not many problems were anticipated when the project started, but some cropped up as the project progressed. They were dealt with as best as both parties could in a reactive manner.

4.1 Funding

The biggest problem was that there was a delay in making the funds available to the province from the National Department. This resulted in a delay of payment to the Agent. The Agent operated without funds and an official contract for the first nine months of the project.

4.2 Secondment of staff

Another big problem was the secondment of staff to the Agent. This was also delayed for a long time, because of the bureaucratic red tape of governmental regulations. This had a negative effect on the officers in the sense that they did not know if they were still with the department or with the Agent. To add to their misery their former Managers continued to make use of them to perform certain tasks in the department.

4.3 Office accommodation and equipment

Office accommodation and equipment became a problem after the project was extended to three years. It was initially intended to only last for one year and the Agent agreed to use the existing offices and equipment of the department. He was also restricted to buy new furniture or equipment. After the extension of the project it was decided to rent offices and equipment where necessary. Looking at the issue retrospectively it would have been better to divorce the officers from the department and departmental offices from the start so as to operate independently.

4.4 Problems from the Agent

Other than the above-mentioned the Agent experienced some small problems in relation to the transformation of the extension officers from government mode to private sector mode. As the project progressed this was solved through communication and training.

4.5 Evaluation

A problem that became evident after the start of the project was the evaluation. Although provision was made for benchmarks and performance indicators, there is no control project with which to compare this method. It appears as if the planners of the project thought that they knew how the government service worked and what the results were. It is my opinion that this issue needs to be addressed very soon. There should be an evaluation of an area served by government on the same principles as the pilot. The inputs from the conference would be very valuable and appreciated in this regard.

5. Conclusion

The project is still in its early stages and the outcome is not yet predictable. What we have learned so far is that the preparation is of utmost importance. Everything should be in place and ready before you start the project. Equally important is the induction of staff and the clients.

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