

## AGRICULTURAL ADVISORY INSTITUTIONS ON EUROPEAN UNION COUNTRIES

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### ABSTRACT

In the work they were presented the estimation of state and directions of development of agricultural advisory on chore EU countries. An analyse of chosen systems of agricultural advisory pointed on their diversification. Each country worked-out the specific system adequating for conditions and needs with respecting the historical, cultural conditions and level of development of agriculture. The decrease of role of national advisory for the benefit to advisory financing by farmers (direct charge for services) – is the actual trend of advisory in EU countries. Also we observing the change in functions of advisory from technological to socio-economical forms. The technological advisory is the domain of the special commercial institutions which are offering the knowledge together selling the productional means. In our country we should working-out the efficient system of advisory with following up the experience from other european countries.

### KEY WORDS

advisory institutions, agricultural advising, European Union

### Introduction

Knowledge and information flow from the sciences and politics through advisory bodies to agricultural practices and vice-versa is a key issue to transformation, especially in empowering human resources.

Agricultural reforms of the EU have imposed far increasing array of tasks, functions and consequently the increasing role of state-run agricultural advising. This leads to increasing importance of structural funds in farmers' incomes, which presently are as high as 70-80% in some EU member countries. These funds will result in more intensified contacts between farmers and agricultural advisory institutions. Similar institutions played fundamental roles during periods of modernization of the agricultural sector and rural transformation of West European countries and the USA.

In the light of the fore-going it is therefore desirous presenting the achievements of countries with highly developed agriculture and efficiently functioning advisory institutions. An analysis of how advisory institutions function in selected countries of the EU could serve to diagnose interesting yet effective solutions in advising and most importantly to expose task patterns that await advisory institutions in new EU member countries.

### Constituent institutions of Agricultural Advisory System

Science together with its inter-relationships with advising, personnel training and improvement, implementation of research results in agricultural practices is an important function of agricultural advisory systems in EU countries.

No uniform homogenous organizational pattern was adopted for advisory systems in EU member countries but they exist as a system of inter-related institutions actively participating in agriculture and its environment. Organizations offering advisory services in EU countries can, according to Sikorska-Wolak [2005], be divided into the following:

- State-run institutions,
- Local government institutions,
- Commercial private companies,
- Farmers' co-operative advisory services,
- Agro-processing industries and commercial institutions services,
- Services of agricultural financing banks.

The classification of agricultural advisory systems can be undertaken in varied ways depending on adopted criteria. Such criteria could be the way services are rendered and management, types of services offered, type of service institution etc. However one of the most important criteria is the ownership type and the way advising services are funded. In analyzing various organizational patterns in agricultural advising in EU member countries, one can identify five primary types of agricultural advisory systems (table 1).

Table 1. Advisory systems in EU countries as per their ownership types and sources of financing

Advisory system	Most relevant institutions	Sources of financing	Place of occurrence
Public Advising			
State-run	Advising is carried out by public organizations, most often at regional national levels.	Wholly financed from the national budget.	Belgium, Italy, Greece, Slovenia, Sweden, Germany's southern regions, Spain, Portugal, Luxemburg
Partly state-run	Increasing role of advising services rendered by private consultancy firms.	Farmers partly or wholly pay for services; It could be in centralized or decentralized forms.	Ireland, Czech Republic, Poland, Slovakia, Hungary, Estonia
„Semi-autonomous” Advising.	Advising offered by national organizations.	Limited state subsidy.	Lithuania, Latvia.
Private Advising			
Farmers' autonomic Advising.	Advising services offered by farmers' chambers, farmers' organizations and societies.	Finances from membership fees and direct payments by farmers.	Austria, France, Denmark, Finland, North –West regions of Germany.
Commercial	Advising offered by commercial firms or private individuals.	Payment for services through project implementation or grants.	England, Holland, North-East regions of Germany.

Source: Author's presentation based on [Kania 2006, Rivera 2001]

A modern trend in advising in EU member countries is reducing to minimum the role of state financing thus propagating farmers' financed advising.

### The Organization and tasks of Advisory Services in selected EU countries

Agricultural Advisory Services in Germany is the pre-occupation of several institutions and organizations, both public and private. These include advisory agencies, agricultural chambers, advisory societies, agricultural unions, producers' co-operatives and private firms. Authorities of various regions are responsible for the proper functioning of Advisory Services while the Federal Ministry of Agriculture co-ordinates and supervises their services.

Patterns of advisory services however differ in the 16 regions (lands):

- State-run – public advisory organizations administered by advisory agencies subservient to the Federal Ministry of Agriculture dominate the area. Basic advisory and consultative services are free of charge. The increasing role of farmers' financed advisory services is however being preferred for example in Baden-

Wirtemberg, Bavaria, Hessisch, Rhineland and Saxony.,

- Local Authorities – created by farmers and under the supervision of agricultural chambers. 10 to 50% of finances for chambers of agriculture are from the Lands' budgets while the rest is made up membership fees and direct payments for advisory services as can be observed in Bremen, South Saxony, Hamburg, Rhine area – Westfal, Schleswig-Holsteins.
- Private (Commercial) – It is based partly on financial assistance from governments of federated lands but substantially from payments by farmers for advisory services. Private advisory agencies take benefit of funds from the Lands only for the realization of specific tasks. Private advising is undertaken by trade unions, limited liability companies, industrial and commercial enterprises etc in areas as Berlin, Mecklenburg, Brandenburg, Saxony Anhalt, Thuringe [Kania 2006].

The most vital tasks realized by advisory institutions in Germany include the following:

- Assistance to farmers to enable them function in market economic conditions,
- Promoting entrepreneurial development, including rural tourism,

- Improving technology, practices and organization of production,
- Protection of the natural environment, nutritional safety, etc.

Agricultural Advising in France is handled by agricultural chambers, which supervise the activities of various advising agencies. Although advisory activities are co-ordinated by the state, its role in financing these activities is minimal. One of the most active institutions is the Association Departementale pour l'Aménagement des Structures des Exploitations Agricoles (ADASEA), which as an institution supporting agriculture and rural areas, with its 84 field stations is similar to Poland's Agricultural Advisory Centers (ODR) in its organizational structure. ADASEA representatives ensures a complex service to the beneficiary starting from granting of useful information through the preparation of necessary documentation to relevant institutions as well as the securing of investment loans.

Tasks undertaken by ADASEA include the following:

- Advising through information, training, news articles,
- Personal advising in such areas as starting and modernizing a farm,
- Assistance in preparing documentations needed for the realization of CAP,
- Introducing advisory programs related to environmental protection,
- Diversification of agricultural activities including rural tourism etc. [Wysocki 2003].

Financing for advisory services is mainly sourced from membership fees and from direct payments for advices given. In observing experiences of France's institutional systems that support agricultural and rural development a tight co-existence between agricultural advisory institutions, CAP implementing institutions and banks can be noticed.

Worthy of attention also is the Irish advisory system managed by TEAGASC, a national institute directly supervised by the Department of Food and Agriculture. Teagasc is not only involved in advisory activities but also in research activities and in managing schools of agriculture. Private consultancy firms, mainly involved in technological advising and assistance in drawing up business plans also provide advisory services besides Teagasc. Advisory services offered by Teagasc like other institutions are payable and its main tasks include the following:

- Agricultural development through the application of new technologies as well as increasing their competitiveness,
- Supporting rural development, including the diversification of agricultural production,

- Development of a balanced agriculture,
- Dissemination of information and training in quality standards, etc. [Cetner 2003].

Offices of Teagasc can be found in every county, where they implement programs like "Teagasc County ..... Business Plan", often covering several years for example 2001-2006. At the beginning of every year each local office prepares annual plan spelling out types and number of advisory tasks while taking into account realization of the CAP and structural policies, service fees, outline of courses, and seminars. It also covers an analysis of change dynamics in the number of farm-holds in each county as well as a descriptive presentation with farm-holds being classified into four groups i.e., viable, part-time farmers, non-viable young and non-viable old and very small [County 2003]

The agricultural advisory system in place Denmark is specific in nature, where advisory services are organized by farmers' organizations and unions for farmers' needs. The Danish agricultural advisory system embodies the National Center for Agricultural Advising, DAAS, with head office in Skejby, Jutland employing about 465 people as well as 55 local advisory centers that are manned by advisers organized and managed by local agricultural societies and unions. Both the Federated Union of Danish Farmers and Federation of Small Farm Owners have 95% of Danish farmers as members. The organization of Danish Farmers, Danish Agriculture, became the owner of DAAS on 1<sup>st</sup> April 2004. It made up of several national departments that offer services to advisers from local offices [Kania 2006].

Tasks realized by DAAS include the following:

- Specialized advisory services to farmers, advisers and teachers of Schools of Agriculture,
- Undertaking book-keeping for purposes of taxation and management,
- Transfer of new technologies for agricultural production,
- The collation and processing of farms' technical and economic data as well as assisting farmers' organizations.

DAAS for the first time in 2004 did not benefit from government subsidies. Advisory services are financed through membership fees and payment for services rendered. A farmer's annual union membership fee from which advising is financed is about 1100-5100 Danish Crowns. Also a farmer is billed monthly for advisory services he benefited from. A farmer is also surcharged about DK375-1010 for every hour devoted to him, depending on the type of service. This rate is 50% higher for farmers who are non-union members. Farmers most often take benefit of technological and economical advising in such areas as book-keeping, assistance in applying for EU structural funds [Hamulecka et al. 2002]. Only economically backward regions

with GDP not exceeding 75% of EU average are eligible to apply for such funds. Such regions include southern areas bordering with Germany and some of the Islands such as Bornholm.

In some new EU member countries such as Lithuania and Latvia there exists a semi-autonomic agricultural advisory system. The primary organization responsible for advisory in Lithuania is the Lithuania Agricultural Advisory Services (LAAS), a state owned company which was commercialized in 1998 and payment for specialized services were introduced. In Latvia on the other hand there exists the Latvian Center for Agricultural Advising (LAAC), which was in 1997 transformed into a non-profit state owned commercial company. Its major partnerships are the Ministry of Agriculture and the Federation of Latvian Farmers [Kania 2006]. Farmers have since 1993 been paying for advisory services with those connected with obtaining loans, tax issues, and computer services being the most expensive. Besides, in other new EU member countries like Slovakia, Hungary and the Czech Republic there exists systems of agricultural advisory services run by state parastatals that charge farmers and other clients full or part payment for certain services rendered. This not withstanding, an increasing number of private consultancy companies have started offering payable advisory services.

### **Advisory services in Poland compared with other countries and perspectives of development**

The advisory system in place in Poland embodies 2 structural organizations with the first, the Center for Agricultural Advising in Brwinów together with its branches in Kraków, Poznan and Radom controlled by the Minister of Agriculture and Rural Development. The other supervised by the Voivodship are the Provincial Centers for Agricultural Advising. There is also the Social Board of Agricultural Advising which is a consultative and advisory body.

Polish advisory organs support the attainment of goals in agriculture and rural areas such as:

- Assisting farmers and rural dwellers in their attempts to secure financial assistance within the EU CAP and structural policies framework,
- Improving the quality of agro-food products,
- Promoting regional and local products,
- Analyzing markets for agro-food products and production inputs,
- Protecting the natural environment and production of healthy food,
- Activating non-agricultural developmental activities of rural areas, etc.

The advisory tasks are part of the strategic goals for agriculture and rural areas as contained in the National Development Program 2004-2006. Finances from EU structural funds are expected to assist in the attainment of these goals. Agricultural and rural development assistance is contained in the Sector's Operational Program as well as in the Rural Development Plan. Although the capacity for financial support is huge, it is still doubtful if it will be fully utilized. This of course depends on the farmers' awareness of necessary requirements for applying for financial assistance and their skills in preparing application documents. This is where the inevitable role of agricultural advisory institutions comes in, especially in providing education, information and advisory services to farmers in these aspects.

In comparing the Polish advisory system with that in operation in other countries a convergence of tasks set out to be realized can be observed. In most countries, these tasks center on the implementation of aims related to the realization of EU CAP programs or structural policies. When the type ownership and source of funding is taken into consideration common features can be observed between the Polish and Irish, Czech, Slovakian and Hungarian advisory systems while the widest disparity in private advisory system is observable comparing with the Danish or French models.

According to resolutions nos. 1782/2003 and 1783/2003 issued by the EU council<sup>1</sup> member countries of the EU must, as from 1<sup>st</sup> January 2007, create advisory systems managed by at least two institutions. Although farmers' participation in advisory systems is not obligatory, member countries should give priority to farmers receiving direct payments averaging 15,000 Euros/farm. The European Commission has submitted a report on the functioning of advisory systems which proposes that farmers' participation become mandatory as from 2011. The commitment of EU member countries to ensure advisory services to all farmers in areas of land and farm management, as well as upholding standards relating to environmental protection, food and health safety and well being of animals should in the future encourage diversity in advising and commercialization [Wiatrak 2006].

In aspects relating to the functioning of CAP during 2006-2013, the main function of advisory institutions in the future would be assisting rural dwellers in their effective utilization of EU funds.

### **Conclusions**

A huge number of and varied organs participate in rendering advisory services in EU member countries starting from national institutions, through local authorities, co-operatives and ending with private commercial companies.

More and more businesses are joining in the business of agricultural advising including advisory and consultative offices, production and marketing companies, farmers' organizations, private advisers while the best example of diversity in organizational structure as well as advisory institutions is in Germany.

Despite the existence of differences in content as well as organizational and institutional forms in various EU countries an overall regularity involving the extension of advisory tasks into new areas and change of priorities along with developing agriculture is observable.

Agricultural advisory is becoming a more market oriented service in approach as farmers and entrepreneurs are, to a larger extent, bearing the costs of running advisory systems. Experiences of EU countries including Poland in taking benefit of EU assistance show that farmers and other rural residents require support in seeking resources from structural funds. Hence the enormity of responsibility resting on advisory institutions in implementing CAP reforms as well as improving the quality of human capital.

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