

## RESTRUCTURING EXTENSION AND ADVISORY SERVICES IN ESTONIA: EXPECTATIONS AND OUTCOMES

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### Summary

The restructuring of agricultural sector is an important issue for all transitional economies advisory services; have to follow the needs of restructured agricultural sector. Each country has its own unique features in economy and development. Estonia is known as a country with liberal economic and trade policy with minimum interventions. The development of advisory services has also followed the liberal policy, i.e. free market should be the main regulative factor. Three main trends can be identified in the development of extension complex in Estonia. First, initiating new institutional set-up for advisory services; second, building client-oriented advisory systems; third, initiating free advisory market. The issue of sustainability has not yet received much attention. The Estonia case is a good example of a country in transition that has been trying to build up private agricultural advisory services, experiencing the stages of need identification, problems, achievements and shortcomings of the process, that could be valuable lessons for other countries of the region.

The following suggestions are offered for further development of Agricultural - Knowledge and Information System in Estonia:

- A clear vision and social agreement on goals and strategy for development of more client-oriented AKIS should be developed.
- The institutional development of AKIS should be encouraged and steps should be taken for more clear distribution of roles, duties and responsibilities.
- The Cupertino among different subsystems and institutions belonging to AKIS should be enhanced.
- The organisation management capacity should be improved and programme-planning approach for AKIS should be introduced.
- The Government should be more proactive when providing information and assistance to solve the problems that are created by the decisions and actions taken at national level, including those related to joining the EU.

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### *Introduction*

The restructuring of agricultural sector is an important issue for all transitional economies advisory services; have to follow the needs of restructured agricultural sector. Each country has its own unique features in economy and development. Estonia is known as a country with liberal economic and trade policy with minimum interventions. The development of advisory services has also followed the liberal policy, i.e. free market should be the main regulative factor. Three main trends can be identified in the development of extension complex in Estonia. First, initiating new institutional set-up for advisory services; second, building client-oriented advisory systems; third, initiating free advisory market. The issue of sustainability has not yet received much attention. The Estonia case is a good example of a country in transition that has been trying to build up private agricultural advisory services, experiencing the stages of need identification, problems, achievements and shortcomings of the process, that could be valuable lessons for other countries of the region.

### *Country's Independence, and Transition in Agricultural Sector*

As Estonia was passing through a period of restoration and regaining its independence during late 1980s and early 1990s, many reforms were introduced, and several among them such as Law of Peasant Farming, Property Reform, Land Reform, Agricultural Reform, and Currency Reform, were related to agriculture. The Law of Peasant Farming provided legal framework for establishing private family farms. One of the main aims of the property and land reforms was to reconstitute land and property to the people (or their descendants) who were its owners in 1940, before the Soviet occupation. The main objective of the agricultural reforms was to privatise existing state-owned large-scale agricultural enterprises. As a result, the former state and collective farms were divided into small units, and a number of agricultural enterprises like co-operatives and stock companies were established. The co-operatives established were different from the ones during the Soviet era in the sense that instead of being just administrative units, they were meant to act as business enterprises in market economy, representing the business interests of their members. Many private farms were also established. According to the official Statistical Yearbook of 1998, there were about 34,500 family farms and 1,000 other agricultural enterprises in Estonia, and the average size of private farm was 28.5 ha.

After leaving the Soviet Union, Estonia lost its traditional, and at that time, the one and only foreign market for agricultural products. The situation underlined the need for active search to locate new markets to maintain the income of the producers. At the same time, some changes also took place in marketing management. Unlike in the past when the export of agricultural products was managed nationally, the Government gave up financing and management of such services, while the producers did not have any export organisations of their own. The Government also gave up domestic market management. As the producers, including the owners of new private farms, had no domestic marketing organisations, they were left facing the monopoly of processing industry. This also affected the third group of producers, i.e. subsidiary households, for whom collective and state farms used to organise quite a number of services, including those related to marketing and advising.

The Government started the reforms but failed to organise any support services and compensation mechanisms that would have helped the rural population in adjusting to the changes thus minimising the negative influence of the reforms. One case in point is the agricultural reforms that were started by the Government but whose expenses were covered by newly formed agricultural enterprises\*. The reforms, however, did not address the issue of national financing of extension under the new conditions. There was no government financing for a national information campaign that was supposed to make people aware of their rights and obligations. The Government also lacked financial assets to transfer some of the functions that had nothing to do with the main objectives of collective farms, to other concerned institutions and establishments. Similar problems were faced concerning other reforms and innovations.

#### *Background of Extension in Estonia*

During the Soviet regime, the Estonian agriculture was a large-scale agricultural operation. While collective and state farms provided the bulk of agricultural production, the rural households also contributed although in a different way. As the wages earned in collective farms or rural enterprises (shops, schools, libraries, etc.) were only sufficient to cover elementary expenditures related to food and household goods, most of the people employed by collective farms raised livestock and grew vegetables, and sold them to earn extra income needed for building houses and buying cars and other goods that they could not afford otherwise.

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\* Five per cent assets of the collective farms were used to meet the costs of the reforms.

During the Soviet period, extension activities were based on the activities of agricultural and veterinary research institutes and experimental stations. The extension units called Agricultural Administration, located at regional administrative bodies, served as the main extension agencies, and as the name refers, the people working there used to be more of administrators than specialists. Main channels of information dissemination were publications, regional meetings of specialists, demonstrations, and competitions. The extension system followed a top-down approach. However, regular regional meetings provided good environment for group communication and partners' network development at subject-matter specialists' level.

The extension specialists during the Soviet period had good education in their narrow subject matter. However, they had little knowledge of and experience in integrated approach to agricultural production, and even less knowledge of communication and social change management. The main reason was the nature of curricula in agricultural schools and Agricultural University, which reflected the structure of agriculture. The curricula also contained quite a number of topics like political economics, didactics, history of the communist party, etc. that were of no relevance whatsoever to agricultural practices, but were still given priority over the technical subjects. Often, the university graduates who had obtained high grades in political issues, had better chances of employment and promotion than the ones with good professional and practical background.

The extension system comprised three levels, namely farm, county and national. Every collective farm had its own specialists whose number varied according to the farm size. Larger farms had more than one specialist, and the titles and work were assigned according to technical theme, for example, agronomist for seed multiplication, agronomist for fodder cultivation, etc. The work of these specialists was very much oriented to the administrative tasks of the farm. Therefore, more than 50 per cent of the specialists' time was spent on just administration, and the rest on the respective technical subject matter.

The collective farms and state farms, called "kolkhozes" and "sovhozes" respectively, were large-scale agricultural production units that employed rural people to manufacture primary agricultural products. As for other industries, these farms also supposedly "belonged to the people", while in fact, sovhozes were state-owned and the wages paid to the employees came from public funds. Kolkhozes, with the exception of land, were by juridical status owned by members, but their planning and certain financial aspects were handled by the government. As all the planning was done at very high level, in most cases by the communist party bosses, the employees had no say in the matters related to land improvement or general management. Still, local specialists played important role in implementing the plans involving technical decisions like fertiliser dose, etc.

The county level administration also had specialists in different disciplines. These staff provided relevant information to the farm specialists, in addition to controlling work quality and monitoring progress of the farms. These staff organised meetings for farm specialists to disseminate information, and also held annual competitions for identifying the best farm specialist. This particular activity helped to increase the knowledge of specialists. During the Soviet period, since agricultural activities were planned at central level, the farmers were not involved in extension programming.

Similar pattern was followed at the national level where the specialists in the Ministry of Agriculture dealt with county level specialists. One very important task of the Ministry was to maintain linkages with research. Research stations and experimental plots received their research plans from the Ministry. Since not only the research topics but the research funds also came from the Ministry, the situation in this specific matter used to be better than at present. The county specialists were, as a rule, involved in research process due to the fact that the research stations located in counties represented the practical dimension of research, i.e. testing the theory for its practical value. This mechanism facilitated the availability of results to the county and collective farm specialists and researchers who could adjust their activities according to the advice received from the practitioners. The Ministry also handled the task of information distribution through printed matter, seminars and through its established hierarchical network.

The socialist extension system met the requirements of large collective farms rather well, as the information was disseminated very fast. The information channels comprising newsletters, magazines, and technical subject-matter specialists were always kept open and available to all the interested parties. One can notice here the beginning of bottom-up approach, as every farm specialist clearly knew whom to contact for queries. The activities like seminars, field days held for sharing of experience at experimental plots and model farms gave farm specialists opportunities to meet and learn from one another.

#### *Transformation of Extension and Advisory Services*

In general, when one system is abruptly replaced by another, considerable confusion is bound to follow. As planned economy did not work any more, the farmers who were in fact "freshmen" had to change their way of thinking and also their attitude. They had little knowledge of production and were not able to comprehend various relevant aspects required for decision-making. Under the circumstances, the need for the establishment of a new services system,

including advisory, became inevitable (Tamm, 1993). As mentioned earlier, three main trends in the transformation of extension complex transformation can be identified in Estonia. First, initiating new institutional set-up for advisory services; second, building client-oriented advisory systems; and third, initiating free advisory market.

#### 1. Initiating new institutional set-up for advisory services

In 1989, Research and Development Project was initiated and funded by the Ministry of Agriculture on development concept of advisory activities for Estonian agricultural sector. The project was handled by the Higher School of Agrarian Management (since 1993 Institute of Rural Development), and the first training courses for specialists interested in advisory work and organisation were offered in 1989.

After the establishment of new family farms, the most innovative farmers realised the need for associations of their own, so the very first Farmers' Federation was established in 1989. The first advisory system in independent Estonia was organised by Farmers' Federation in 1991. This system included regional advisory stations of farmers' unions, training centres located at two farmers' unions (Harju and Viljandi), and the Jäned Advisory and Training Centre. Presently, there are 16 regional Farmers' Unions (in 15 regions of Estonia), plus Farmer's Union of Türi, that are connected under a central umbrella organisation, Estonian Farmers' Federation. The role of the Federation is to protect the interests of its members at national and political level, more specifically, represent the farmers at national level, participate in the development of different subsidy and support schemes, and help in improving farming to increase its efficiency. The unions have good relations with similar organisations in Scandinavian and European countries. After the privatisation, these organisations helped the union members in getting second-hand machinery and equipment from their respective countries. Each Farmer Union has its own Management Board and a Manager who represents his organisation at the Central Farmers' Federation. Most of the Farmers' Unions employ their own advisers as well.

An appraisal of the complex of organisations involved in the provision of advice to agricultural producers in Estonia was carried out in 1992. The appraisal formed part of a wider project whose objective was to formulate a general strategy for the establishment of a comprehensive nation-wide extension service in Estonia. The project was financed by the Ministry of Agriculture and executed by the Institute of Rural Development. (Dembovski, 1994). The activities for building up new advisory systems

were held back because of hyperinflation and currency reforms. After the Parliament elections, the new government decided to build up advisory system on the basis of the Estonian Farmers' Federation.

## 2. Building client-oriented advisory systems

The action taken during the period from 1992 to 1995 reflected a trend to apply different advisory models in Estonia taken from different countries. A number of projects financed by different donors were initiated to support the development of extension services. Several of these projects did not prove to be sustainable, while most of them failed to "implant" the advisory model from the country of origin. Still, these projects were useful since they not only provided training opportunities for the nationals but also developed a new understanding of extension. The two missing elements during the introduction of foreign models were general extension complex management and co-ordination of various projects at national level. Some examples of the advisory systems tried in Estonia are as follows:

- *The advisory system of the Estonian Farmers' Federation:* This system has been developed in co-operation with the Danish Agricultural Advisory Centre, with technical support from Denmark. The project was initiated in 1993. The structure of the advisory system is designed in line with the structure of organisation of the Farmers' Federation. There is an advisory service at every county farmers' union (total 16). Advisory and Training Centre at Jänedä is a training, advisory, methodology and development centre for advisory services for farmers' unions, advisers and also for farmers. As many good specialists had lost their jobs after collective farms were privatised, the farmers' unions started to use their services for advice. At the moment of establishment, the total number of advisors working under this system was around 65, which has now decreased to 56. According to the initial plan and the main idea of the "Danish model", the activities of advisory services should be controlled by boards at farmers' union level and by the central boards at national level. However, the idea of advisory services management by farmers boards was not realised in practice. Effective 1998, Advisory and Training Centre in Jänedä became a governmental institution and it does not any longer formally belong to the advisory system of the Estonian Farmers' Federation.

- *Advisory Co-operatives:* In 1994, an "advisory co-operative" was established in Viljandi county. Following the experience, three more advisory co-operatives were established in three other counties (Tartu, Järva, Jõgeva) in 1994-95. The decisive factor in establishing the first advisory co-operative was the financial support from the Ministry of Agriculture of

Germany. The advisors of the co-operative were also trained in Germany. The member fee covered a small part of the expenses. The activities of the co-operative were supported by the state advisory programme initiated by the Estonian Ministry of Agriculture in 1995. However, the activities could not sustain after the German funding ended.

- *The Knowledge and Information Centre of the Estonian Agricultural University*: The Centre was created in 1994 under an inter-disciplinary project aimed at facilitating knowledge transfer between the Estonian society and the University. The overall objective of the project was to develop co-operation in Estonia among researchers, advisers and rural producers, with the purpose of providing solutions to problems in the field of rural and agricultural development through an inter-disciplinary approach, thus improving linkages between the rural society and agricultural research activities. The project had two main goals for extension development. First, to promote an integrated, inter-disciplinary approach to work out solutions for dairy management through initiating a temporary working group comprising researchers and experts. The co-operation between researchers and reference group was important in order to meet the needs of clientele in the best possible way. Second, starting a newsletter, "Maamajandus" (Rural Economy), to introduce different queries and aspects of rural economy and agriculture. Politicians, decision-makers and leaders of rural life, teachers of agricultural schools and advisers are the target group of this newsletter.

- The project was jointly developed by the Research Information Centre of the Swedish University of Agricultural Sciences and the Institute of Rural Development of the Estonian Agricultural University. The project was not sustainable as the activities almost ground to a halt due to insufficient funding and support.

- *Project on Dairy Farming Improvement*: The project, supported by the Dutch Government, concentrated on pilot farms and advice based mainly on the experiences gained in the Netherlands. A number of farms were selected and advisers were given on the job training on farms. The activities concentrated more on farm trials and grassland management than on advisory skills. Still, several advisers were trained and good demonstration sites based on real situation at private farms were established.

#### 4. Initiating free advisory market development

The Government of Estonia has certainly recognised the need for proper agricultural services. The Agricultural Training and Advisory Centre at Jäneda



was allocated some additional budget for advising farmers. The farmers' unions were also supported by the Government. Still, the Government did not wish to be the sole provider of a state extension service, considering its long-term implications for state budget support. So the objective set was to create an advisory system and to deliver advice, but to do it by facilitating the development of a free market advisory complex. However, at the same time, the Government did not want to promote one single advisory service either in spite of the fact that it provided, and still does, a considerable support to the Central Farmers' Union and its advisory service in the counties as well to the Agricultural Training and Advisory Centre at Jäneda. The Government realised that the advisors of farmers' unions were not able to give adequate advice to large-scale agricultural enterprises. The farmers were also complaining about the quality of advice they received. So the need for restructuring was generally recognised by the Government.

New co-ordination activities have been initiated since 1994. A seminar on the role of the State in the development of advising activities was held and attended by the representatives of relevant organisations. Eventually, a specialist in extension and advisory matters was employed by the Ministry of Agriculture in 1995.

As the first step in the implementation of new advisory policy, a budget provision amounting to 2.3 million EEK, to be used for developing advisory services was made in 1995. As much as 40 per cent of this amount was meant to enable the farmers to "buy" advice under an arrangement where the allocation per farmer was 500 EEK, and the farmer had to pay 10 per cent of this sum. These funds were disbursed among the county governments responsible for implementing the scheme. Due to budget constraint, the funds were released with considerable delay. Also, some county governments did not clearly understand what the funds were made available for.

During the summer of 1995, the World Bank offered the Ministry of Agriculture an opportunity to establish an advisory development fund. In November, a two-week tour to six different counties of Estonia was organised for the representatives of the British Know How Fund (KHF) and PHARE Advisory Service Project consultants. The options for supporting agricultural producers were discussed with the county government, local farmers' unions representatives, advisors, farmers and agricultural specialists. KHF, on its turn, organised a seminar in December 1995 for the Ministry and its advisers on the use of model contracts. The feedback from the seminar was incorporated in the scheme description being translated into Estonian language. The copy of this summary was sent to every county in Estonia, where the local municipalities were asked to distribute this document among different advisory and producers' organisations. During the next four months, several follow-up meetings were

held with county government officials, advisory commission, county governors and representatives of different institutions, leading to the development of final versions of the advisory scheme and "Contract of Advice".

In line with its free market policy, the Government of Estonia wishes to see the development of a competitive free market of advisory services where the producers are free to buy the kind of advice they need at a mutually agreed price. However, considering the situation in agricultural sector, the Government realised that since the capacity of farmers to buy advice was very low, there was a need to subsidise the advice.

In 1995, the PHARE Advisory Service Project was started in Estonia, to support the Ministry of Agriculture in developing an advisory service system. The national advisory activities programme and the PHARE advisory service programme, with the participation of the British Know How Fund, prepared a scheme for utilisation of advisory subsidies that may be considered as preparatory work for utilisation of advisory component (about 15% of the loan amount) of the World Bank agricultural loan. The objective was to encourage farmers to use advisory services in a way that would increase production efficiency. To apply the advisory subsidy system, all the advisors were asked to register at the Ministry of Agriculture. By the end of 1996, as many as 630 companies and private advisors were registered; 94 of them were companies with 411 advisors, and 125 were private entrepreneurs.

The present advisory system has no direct obligation of distributing EU-related information, but nevertheless, events being financed on behalf of the advisory project serve the aim of providing the farmers with training on issues related to EU. In terms of individual advice, the advisors inform their clientele about the standard and regulations established or to be established by EU that have some impact on the local market. Most certainly the advisers have to be aware of EU regulations and directives on food safety and environment protection, as these are the issues becoming more and more relevant to EU accession.

The implementation of the new advisory system has not been that smooth as many problems were faced in the development of the new system. The administrative system for the scheme is rather complicated, new computer software had to be developed, and of course, the county government officials processing the paperwork had to be trained. Also, there being no legislation covering the advisory scheme, agriculture is considered rather an insecure and unstable profession. Also, the Farmers' Central Union has serious reservations about the scheme. Its members are of the opinion that their organisation should be the only one to get all the subsidies provided and that agriculture in Estonia should be supported solely by their advisers. Other institutions, however, do not support this idea.

### *The Present Pattern of Extension Services*

The general concepts for the advisory services were completed in 1996 and from there on the structure has been in constant development. It would not be wrong to say that compared to other countries, the extension and advisory mechanism of Estonia appears to be rather unique.

In terms of the lessons learnt from West European countries, the influence of Denmark was rather strong, especially in terms of structuring and establishing farmers' unions. The ideas of privatising advisory system came from Holland and the Great Britain, where the state-owned extension companies were privatised in early 1990s. Although Holland privatised its extension system, the government kept subsidising advice for many years thereafter, decreasing its share of amount every year.

There is no state extension service per se in Estonia. It does not mean, however, that the state is not supporting the advisory services. In June 1996, the Ministry of Agriculture introduced the idea of developing "free advisory market", where all advisers and advisory organisations, no matter state or private, compete with each other. The state is also supporting the development of advisory service through Advisory Fund, which is managed by the Advisory Committee. The Advisory Fund pays direct subsidies to the farmers enabling them to hire the most efficient and suitable advisers of their own choice. The payment of subsidies is based on the contracts concluded between farmers and advisers. There are certain rules set, however. For example, in 1996, the upper ceiling for subsidised contract per farmer was 2,200 EEK, and the farmer had to pay 10 per cent of this amount. The entire scheme is quite simple. A farmer, seeking advice, contacts the most suitable adviser, in his judgement. Both of them prepare a contract containing mutually agreed terms regarding services, dates and payments. The adviser sends a copy of the contract to the relevant county government office where the contract is approved or rejected. The reasons for rejection of the contract include non-eligibility of the farmer or the adviser for the scheme, or if the farmer has already exhausted his amount of the subsidy.

The lists of eligible advisers are available in each county office and a special registration programme is used to check the subsidy payments each farmer has received. Officials do not interfere in advice or payment rate matters as these should stay only between the farmer and the adviser. Approval of the contract means that the state subsidy on this particular contract is guaranteed. Not all farmers and advisers are eligible for the scheme. A farmer, in order to have being entitlement to the advisory subsidy, must be officially registered, market at least 50 per cent of farm produce, his farm providing

full-time job for at least one person (farmer himself, family member or somebody else), and be a production unit and not a hobby farm. The adviser must be qualified by virtue of an endorsement procedure, where the levels of professional knowledge and communication skills are tested. Only the so-called "independent" advisers can qualify. This means that an adviser cannot be employed by a company that sells farm inputs or purchases farm products, or by an organisation that enforces state control or carries out inspection activities. Presently, most independent advisers act as free-lancers or employees of advisory companies or farmers' unions. A qualified adviser is expected to serve the farmer's best interests.

Table 1. - ESTONIA: SUBSIDY PAID BY THE GOVERNMENT FOR PRIVATE ADVISORY SERVICES VIS A VIS FINANCIAL OBLIGATION OF FARMERS

Year	Limit of subsidy per farmer (EEK)*	Farmer's share of payment (EEK)*	Farmer's share in contract (%)	Comments
1996	1.980	220	10	Main subsidy since June 1996
1997	2.700	300	10	Main subsidy
1998	2.550	450	15	Main subsidy and additional subsidy since June 1998
	1.800	1.200	40	
1999	2.550	450	15	Additional subsidy
	3.000	3.000	50	

\* 1 EEK=0.125 DEM

After the approval of the contract by a county government, the adviser delivers the services as agreed, and reports the actual time spent and services offered. The farmer, if satisfied, approves the report and pays his share of the contract (15 or 50%). The copies of the report and the receipt are sent to the county government, where the adviser is paid the outstanding balance of the contract amount (85 or 50%). The farmer's satisfaction with the quality of the work done by the adviser is very important. If a farmer is not satisfied, the report is not approved and the adviser can neither get state subsidy nor farmer's payment. This method of quality control is really effective, and the advisers who do not meet farmers' expectations go soon out of business.

The subsidy funds allocated from the state budget and the World Bank agricultural loan amounted in total to 6 million EEK in 1998, and almost 3,000 farmers used advisory services through the subsidy scheme. The plan is to increase farmers' share step by step. In 10 years of time the farmers should bear most of the costs of the advisory service. The Advisory Fund is financing the so-called group advice, training and extension activities, including field

days, farmers' study groups, printing of handbooks, booklets and so on. In 1998, 3.1 million EEK were allocated for this purpose. The financing of this kind of activities is project-based. State and private organisations and self-employed advisers submit their project proposals, and the Advisory Committee selects the sound ones for financing.

Only certified advisers are eligible for the subsidy scheme, and if the farmer uses the services from non-certified advisor, he has to pay 100% of the contract amount. The number of certified advisers is 175. The criteria for certification of advisers were developed in 1996. In order to be certified, an adviser must:

- a) have either a university degree or equivalent qualification in agriculture or a related field (in case his/her technical qualification is lower, a recommendation is required from the agricultural specialist of a county government);
- b) be self-employed or employed by organisations and business (trading companies and agribusiness enterprises) provided that these organisations or businesses do not seek to make a profit from farmers by selling them other goods like farm inputs or services other than advice;
- c) have received training in advisory methods and communication skills;
- d) have prior experience as an adviser.

In 1998, one more criterion was added: the advice being orally given to the farmers must also be put in writing. This will give the producer something tangible and would help in settling possible disagreements that may arise later. The written advice should contain the following:

- Description of present situation and possible causes of the problem
- Expected situation in the future, i.e. the target
- Different options for solving the problem
- Comparison of different options with economic analysis of each option

Advisers are trained not to take responsibility and make decisions for a farmer but rather guide them and make farmers to decide themselves. The reason for implementing such procedure is to increase efficiency of advisers and create better understanding among farmers about what is happening on their farm.

#### *Infrastructure for Advisory Services*

Together with the development of the advisory services, the need to develop necessary support structure for advisers was also recognised. Several support systems and information services are available both for farmers and advisers, mostly provided by state-owned institutions. All the laboratories of the Ministry of Agriculture, State Veterinary Service and the Agricultural

University are providing services to advisors and farmers. For instance, milk quality can be tested in ARIC Central Milk Laboratory and at the Agricultural University. Feed and water analyses can be done in several feed laboratories of research institutes and in veterinary laboratories, which also offer services for blood analyses for metabolic disease detection. ARIC, certified advisers, the Agricultural University or commercial suppliers make necessary arrangements for testing of milk equipment upon farmers' and/or advisors' request.

In spite of all these measures, the information flow from the research to extension is not satisfactory. One of the reasons is that although the advisers have the umbrella organisation of their own (Estonian Association of Rural Consultants), they still have not been able to make the researchers appreciate their needs. The research institutes publish the results of their studies in newspapers and magazines. They also organise field days and seminars for interested advisors and farmers. Unfortunately, the information they provide is not always ready to be used by the advisors and needs to be adapted to the real needs. The researchers are not very keen on conducting applied studies, as most donor organisations do not show any interest in supporting such research. This means that the advisors need to spend quite a lot of their valuable time in search for information they need for their daily work.

During the last two years, two surveys have been conducted to find out what are the main sources farmers turn to in case they need agricultural advice. More than 50 per cent respondents were of the opinion that they do need advice and assistance from a specialist. Most of the more advanced producers valued advisors and their input very highly. Those advisors are able to carry out farm situation study (technical and economic) and they are trained in problem tracking. Farmers consider the solutions they offered as reliable and serving their best interests. Researchers and the Agricultural University scientists are viewed as a source of information mainly for large-scale producers with good production level. General farm analysis is not expected from these scientists since farmers seek answers to very specific technical problems. The results of the surveys were processed by the Rural Development Centre, and are available both from the Centre and the Ministry of Agriculture. The results were also published in the newsletter of EARC with the objective of giving the advisers a chance to improve the quality of their work for the farmers. Both surveys were designed to cover the main aspects of farm advice including, general opinion on the advice received, organisation of advisory system, benefits of advice, for how long has the respondent been using the services of an adviser, etc. In 1998, the questionnaires were sent to all the farmers that had made use of advisory subsidy scheme, and the same is expected to be repeated this year.

As far as extension-related planning is concerned, the strategies developed have mostly been short-term, for one-year period. There's no official advisory support strategy available, one of the main problems faced by the Estonian advisory system. The programmes considered as long-term planning have, in fact, been the planning and implementation of the World Bank agricultural loan advisory service component.

The advisory subsidy is the very first support directly provided to agricultural producers. As the farmers are not given any cash, they do not consider this as a direct support. The general agricultural policy is aimed at supporting the producers to enable them to contribute towards improving the efficiency of agriculture, improving living standard of rural population and raising the production. Another principle, informally being applied, is to support those motivated individuals who are interested in development and are willing to do something about it on self-help basis.

#### *Special Reference to Animal Production*

There are several institutions in Estonia that are dealing with advice for animal production or supporting this field of advisory. As for the agricultural structures in Estonia where considerable number of farms are dealing also with animal production, the advice given under subsidy scheme described earlier is connected to animal production as well. 57 of 175 certified advisors have specialisation marked "Animal husbandry".

Estonian Agricultural Registers' and Information Centre (EARIC) holding and updating the database of all registered animals plays an important role in the field of animal production. The most extensive register is for dairy herd, but there are also registers of pigs, sheep and others animals. As all the registered dairy cows have to send milk samples for testing it provides a good database and useful basic information for advisors. EARIC has field staff working in all the counties and their task is to provide advice on milk recording, but also on some issues relating to feeding and udder health questions.

Animal Breeding Inspectorate and different breeding co-operatives are focusing on genetic development of herd. Estonian Black White Cattle Breeding Co-operative and Estonian Red Cattle Breeding Co-operative are helping their members to develop breeds in their herds. This is their main task but specialists of breeding associations can also solve many other questions.

Institute of Animal Husbandry of Estonian Agricultural University is a research institution in Estonia developing and providing new knowledge and information needed for animal production. Distribution of information goes by

articles in newsletters and magazines, by different study days organised for farmers, training courses for advisors are also provided.

Dairy companies have advisors helping farmers to produce higher quality milk. Input suppliers have salespersons to promote specific production but also to help to get good results in animal production (it is needed for their future business).

### An Appraisal of Estonia's Present Extension System

*The key unique feature of the Estonian advisory scheme is building private advisory services directly through open competition of advisors, giving responsibility for quality control of the services to farmers from the very beginning of the process.*

#### Strong points and unique features

Given its relatively short history, the Estonian advisory service has been considerably successful. Several achievements reflect the following strong points and unique features of the advisory system development in Estonia:

- The governmental advisory services' programme and public competition of projects for funding has been initiated. The national advisory programme has been financed increasingly from the government budget starting with 2.3 million MEEK in 1995, increasing to 4.1 million MEEK in 1996, 4.51 million MEEK in 1997, 5.01 million MEEK in 1998, and 5.98 million MEEK in 1999. The funds provided by the advisory programme are used for project financing on the basis of open competition. The programme is aimed at supporting individual advice as well as group and mass activities. An impressive number of extension materials have been developed, and the materials in general seem to be of practical value to the farmers as reflected by their high sale.

- The advisory council has been established, chaired by the Ministry of Agriculture, to represent different categories of farmers, research, education, private and public advisors, processing industries and the Parliament. The council meets at least twice a year.

- A system for certification of advisers has been introduced. A registry for advisors has been created and eligibility criteria have been developed.

- The Estonian Association of Rural Consultants and Advisors has been established, which continues to grow. Currently, it enjoys membership of about 100 very dynamic advisors in the country. The association prints a newsletter for advisers and makes use of modern technology. The information about the advisory system can be obtained from the website of EARC.

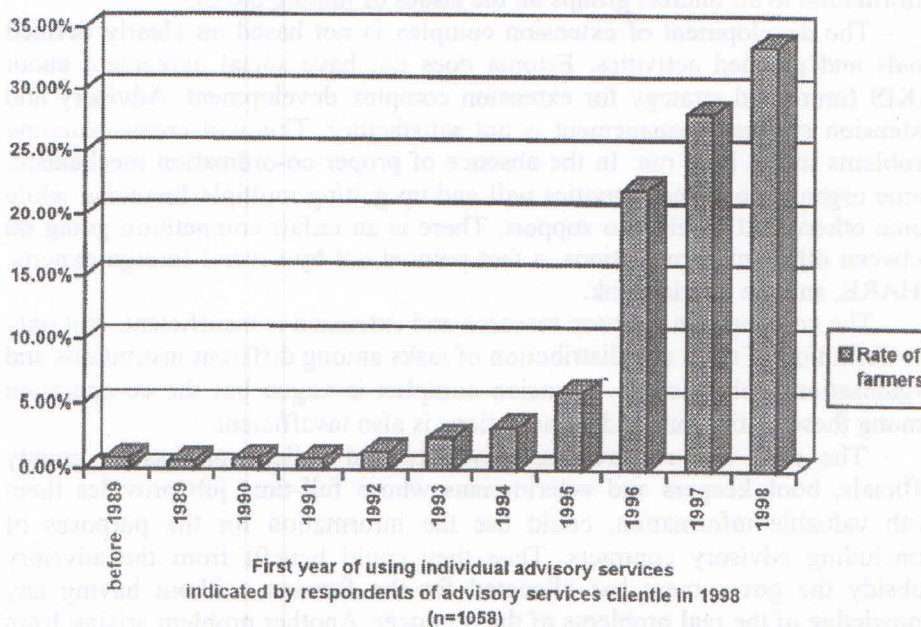


- About 120 private advisers have been trained in business planning and advisory methods under the PHARE project. The trained Estonians have provided training to additional 100 advisers in advisory methods, and to about 50 more advisers in business planning. In 1998, a group of commercial bank employees was given training by the PHARE project in the subjects of agricultural loan appraisal and communication with farmers.

- The first advisory company, EDLV, was established in 1997, bringing together active advisers from all over Estonia. The advisers joining the company realised the need to decrease their overhead costs, to cooperate, organise promotion campaigns and prepare their advisory products jointly. As the advisers greatly benefit from cross-selling and supporting each other, the company may be called as a good example for consideration by other countries of the region.

- The demand for advice, especially that related to milk quality advice, is increasing very rapidly. Dairy farmers become more and more aware about the importance of producing high quality milk as a major factor influencing their income. As for the future, meeting EU standards is vital for producers who want to stay in business.

Farmer clientele of private advisory services



- The advisers are operating in proactive way, which is important in order to give farmers proper experience in using advisory services. About 3,000 contracts were signed and approved in 1998 between farmers and certified advisers. Farmers are now paying 15 per cent of the total costs of the services. The share of farmers' payment will be increased step by step. The farmers have expressed their general satisfaction with the service.

#### The aspects needing strengthening

- The most serious problem for agricultural knowledge and information complex is that the system is not oriented enough to the needs of the society, nor is it to finding solutions to emerging problems. Needs of the rural society are not considered as incentive for Agricultural Knowledge and Information Systems (AKIS) development. Estonia AKIS, including extension complex, does not have any mechanism for quick and adequate response to the feedback coming from the monitoring system.

- Extension complex is also not sufficiently client-oriented. Several important subjects are not covered by independent advisory services, such as machinery, farm construction, forestry, legal issues, and animal husbandry in some regions. Due to this, the extension complex is not able to provide information to all interest groups on the issues of joining the EU.

- The development of extension complex is not based on clearly defined goals and planned activities. Estonia does not have social agreement about AKIS future and strategy for extension complex development. Advisory and extension systems' management is not satisfactory. This will create planning problems in the long run. In the absence of proper co-ordination mechanism, some organisations and activities will end up getting multiple financing while some others will receive no support. There is an unfair competition going on between different organisations, a fact pointed out by several foreign experts, PHARE, and the World Bank.

- The co-operation between research and extension is insufficient. Not only the definition of roles and distribution of tasks among different institutions and organisations belonging to extension complex is vague but the co-operation among these institutions and organisations is also insufficient.

- The staff like researchers, university and college professors, county officials, book-keepers and veterinarians whose full-time job provides them with valuable information, could use the information for the purposes of concluding advisory contracts. Thus they could benefit from the advisory subsidy the government has allocated for the farmers, without having any knowledge of the real problems of the producer. Another problem arising from

the relatively high number of part-time advisers is that unfortunately, many of these persons are not concerned with improving their own professional skills, but looking for opportunities to make easy money. Investments in training and in developing long-term relations with clientele will be profitable for full-time advisers only. Farmers' unions, veterinarians and book-keepers misuse their power and position to force the producers into contracts not serving their best interests. The relationship between the organisations producing the information (research institutions) and those applying it (advisers) is weak.

#### *Recommendations for Improvement of Extension Services*

The following suggestions are offered for further development of Agricultural - Knowledge and Information System in Estonia:

- A clear vision and social agreement on goals and strategy for development of more client-oriented AKIS should be developed.
- The institutional development of AKIS should be encouraged and steps should be taken for more clear distribution of roles, duties and responsibilities.
- The Cupertino among different subsystems and institutions belonging to AKIS should be enhanced.
- The organisation management capacity should be improved and programme-planning approach for AKIS should be introduced.
- The Government should be more proactive when providing information and assistance to solve the problems that are created by the decisions and actions taken at national level, including those related to joining the EU.

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## RESTRUKTURIRANJE DOPUNSKIH I SAVJETODAVNIH SLUŽBI U ESTONIJI: OČEKVANJA I REZULTATI

### Sažetak

Prestrukturiranje poljoprivrednog sektora važno je pitanje u svim tranzicijskim privredama Istočne i Srednje Europe. Službe za pomoć poljodjelstvu, uključujući dopunske i savjetodavne, moraju pratiti potrebe prestrukturiranog poljoprivrednog sektora. Svaka zemlja ima svoje vlastite značajke privrede i razvoja. Estonija je poznata kao zemlja liberalne privrede i trgovinske politike s minimalnim intervencijama. Razvoj savjetodavnih službi također prati liberalnu politiku, tj. slobodno bi tržište moralo biti glavni regulativni čimbenik. U razvoju dopuskog kompleksa u Estoniji mogu se razabrati tri osnovna trenda: Prvo, pokretanje novog institucionalnog sustava za savjetodavne službe; drugo, stvaranje savjetodavnih klijentu usmjerenih sustava; treće, pokretanje slobodnog savjetodavnog tržišta. Pitanje održivosti još nije dobilo veliku pozornost. Slučaj Estonije je dobar primjer zemlje u tranziciji koja pokušava izgraditi privatne savjetodavne službe, zemlje koja prolazi kroz faze prepoznavanja potreba, problema, uspjeha i nedostataka procesa, što bi moglo biti vrijedna škola za druge zemlje u regiji.

Prijedlozi za dalji razvoj sustava znanja u poljoprivredi i informiranja u Estoniji su:

- Treba razviti jasnu sliku društvenu suglasnost o ciljevima i strategiji razvoja AKIS-a (Agricultural Knowledge and Information System), više usmjerenog klijentu.
- Treba poticati institucionalni razvoj AKIS-a te poduzeti korake za jasniju raspodjelu uloga, dužnosti i odgovornosti.
- Treba poticati Cupertino među raznim podsustavima i institucijama, pripadnicima AKIS-a.
- Treba poboljšati sposobnost upravljanja organizacijom te uvesti u AKIS programiranje i planiranje.
- Vlada bi morala biti aktivnija u davanju informacija i pomoći u rješavanju problema nastalih odlukama i djelovanjem na nacionalnoj razini, uključujući one probleme u vezi s pristupanjem Europskoj Uniji.

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