

“Effective communication between agricultural research, extension and farmers”

Ora, 19 October 2004

Knowledge Services and Value Chains

The link between two perspectives
on agricultural development

Andreas Springer-Heinze



Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH

Knowledge Services and Value Chains

- 1** The current transformation of the agri-food sector
- 2** Value chains as knowledge and innovation systems
- 3** Conclusion: Reorienting public research and extension

Two observations and a question

1

- ***Public research and extension policy often struggles with questions of outreach and impact.***

(e.g. related to public administration or communication barriers)

2

- ***At the same time, we observe very dynamic change and innovation in agri-food systems.***

(e.g. the rise of supermarkets, the move to higher value food products, market trends such as the “latte revolution” and the organic movement)

3

➔ ***What explains the difference in the perception of agricultural development ?***

The transformation of the agri-food sector

Current trends

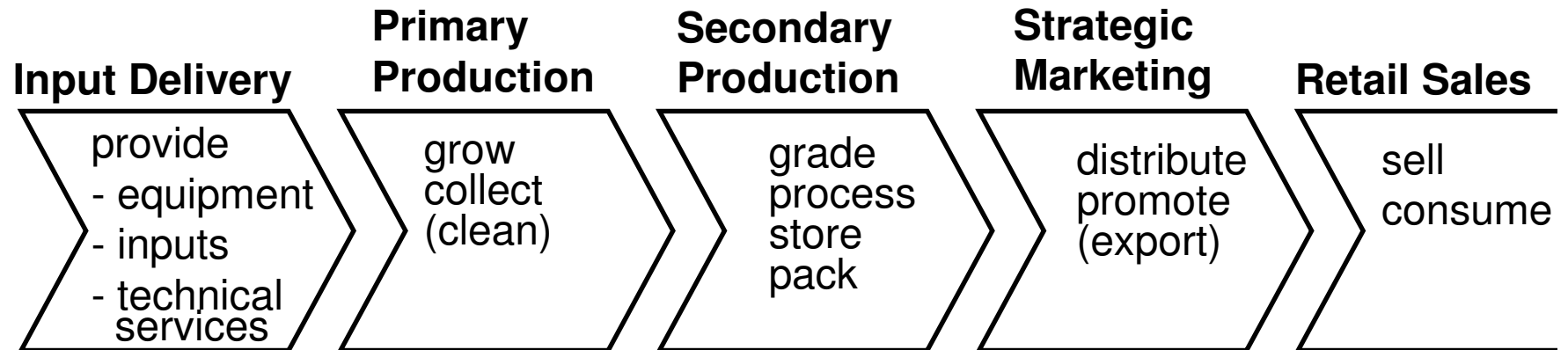
1

- From commodities with coarse standards and low-cost transactions to diversification and product differentiation
- From producer-driven to buyer-driven markets with higher quality requirements
- A globalized economy and global competition
- The consequence is an increasing integration – Farmers and enterprises getting aligned across the production and distribution chain

2

3

Integration of functions in a Value Chain



raw material - - products →



← ***information and cash***

The chain as knowledge and information system

1

- Information flow along the chain:
Market data, product data for traceability and lead time reduction, EDI (electronic data interchange)

2

- Knowledge organized around the product:
technological capability of each chain participant,
knowledge about markets and partners

3

- “Community of practice”, i.e.
informal knowledge exchange across the chain

The chain as innovation system

1

- Specific (new) product attributes call for coordinated effort in production and marketing

2

- Chain provides the institutional mechanisms for innovation

- partnerships and linkages.

- close link between process and product innovations

3

- Dynamic markets involve continuous innovation
- Chain integration creates a learning environment, how to face dynamic change in markets

Information and R&D services in chains

Types of information and knowledge services

- Provision of data and information
 - market intelligence
 - EIS (enterprise information systems)
 - Statistical services
- Generation of knowledge:
 - Technological research (production and post-harvest)
 - Extension and know-how transfer
 - Qualification and training
- Communication:
 - Journals, websites, etc.
 - fairs / networking

1

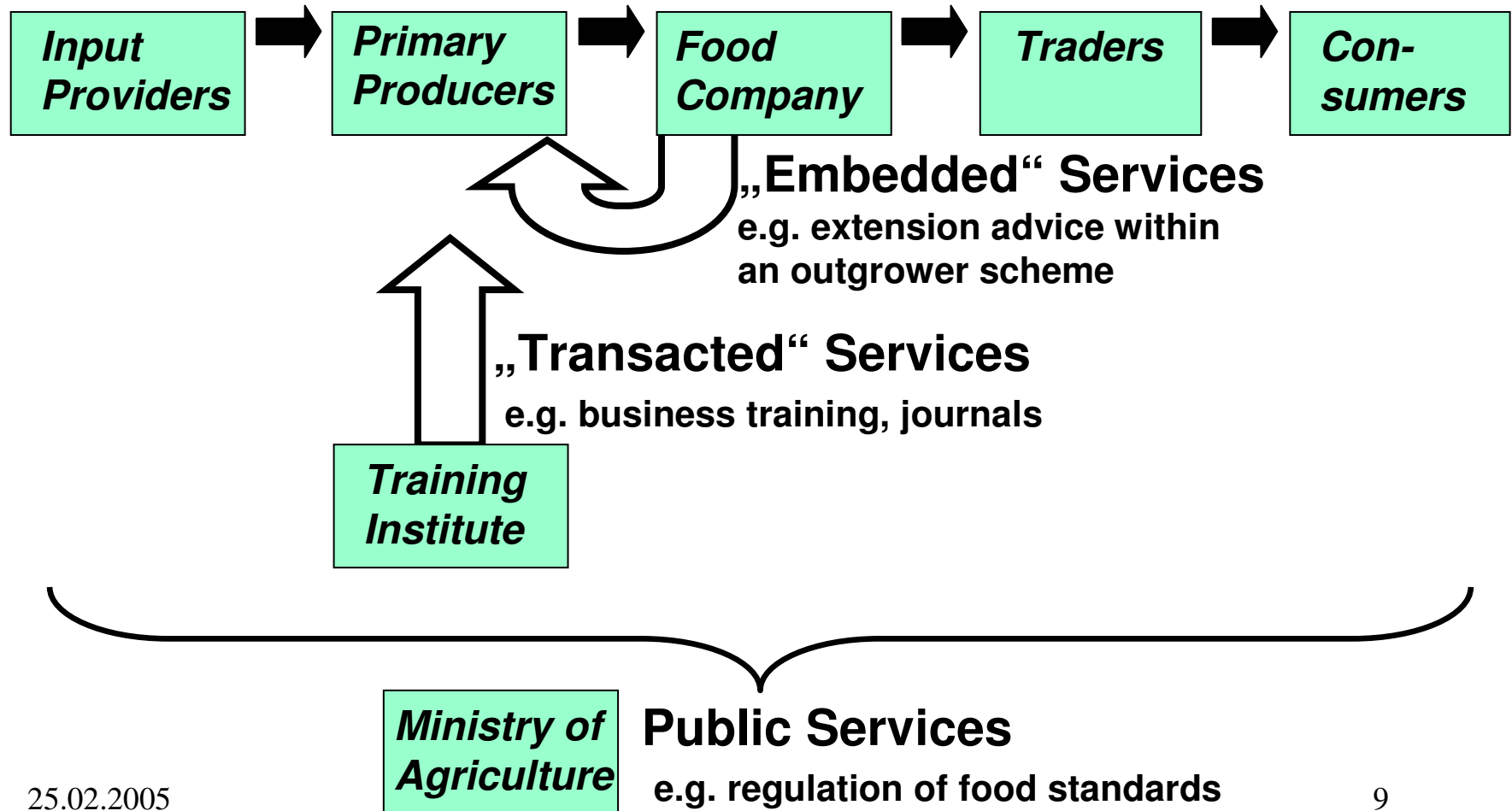
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3

Information and R&D services in chains

Types of service arrangements

1
2
3



The role of public research and extension in chains

Conclusion:

- 1 • In value chains, R&D services are derived from the necessity to generate a marketable product
 - 2 - Market orientation provides clear incentives to producers and service providers upstream
 - 3 - Commercial orientation generates resources, so that large part of the services can be paid for privately
- By adopting a value chain approach public research and extension organizations
 - are able to focus their service portfolio
 - can become more efficient
 - may be able to sell part of their services



**Thank you for your
attention !**

25.02.2005

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The role of public research and ~~extension in chains~~

Question: Who pays ? ... who provides ?

1

- “Embedded” service provided and paid for privately

2

- “Transacted” service

- either provided and paid for privately

- or jointly paid and provided by subsector associations

3

- supported by government or donors