Resisting reforms. A Resource-based perspective of collective action in the distribution of agricultural input and primary health services in the Couffo region, Benin

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The present chapter will focus on the strategy, structure, and core capabilities of the public, private, and local organisations in the distribution of agricultural input services in the Couffo region. The aim is to assess whether the definition of a strategy and the prescription of a structure correspond to long-term goals. Implicitly, special emphasis will be on identifying the strategy adopted by the government of Benin, under the auspices of the World Bank, to ensure a fair distribution of agricultural input services.

It should be stressed from the outset that the distribution of agricultural input services would be considered from a government intervention perspective. Recall that the government sector has reserved a monopoly right on the distribution of agricultural inputs during the 1970s and 1980s. The distribution was ensured by each of the six regional extension services, the (CARDER), and the national marketing board, the (SONAPRA). Although the public sector committed to recede from the distribution of input services in 1991, the formulation and implementation of the reforms have remained its responsibility. Owing to such a perspective, the success or failure of the reforms is primarily analysed from a government perspective. More importantly, the assessment of the implementation processes will encompass the general government strategy and the various mechanisms for ensuring success, on the one hand. Then, mechanisms and processes used by various public-sector implementing organisations in order to further or halt the reforms will also be assessed, on the other hand. The central concern is whether the government sector is willing to relinquish former privileges.

Regarding the public-sector extension service, an emphasis will be on allocative inefficiency with respect to the distribution of civil servants. Arguments will be pursued to demonstrate various existing biases hampering the agricultural policy reforms. It will be argued that the reduction of extension personnel applies with greater extent to field staff rather than office staff. It will also be argued that cotton bias is rampant and certainly precludes the agricultural policy reforms to live up to expectations. Next to this set of three influences, there seem to be some other structural dimensions influencing the organisational process (time, social and spatial dimensions). Above all, strategy and structural dimensions of the intervention schemes influence one another.

The intervention policies entail an important role for structural changes, yet these take the form of directives mainly through the marketing board. Unexpectedly, the government sector has continued to play a major role in the collection of cotton output, using SONAPRA to control the distribution of end-revenue. It follows that the organisational variables are not only influenced by both resource control and access downstream, but also by output and its distribution upstream. Recall that a structural approach to government intervention may not cause direct behaviour changes. However, behaviour changes may be effective if there is collective synergy to operate changes. For instance, collective action as a structural component of the agricultural policy reforms is expected to curb down actors’ opportunistic behaviour.

Regarding the private-sector organisations involved in the distribution of agricultural input services, they are confined to the national and regional levels. Their intervention within the distribution process only reaches the sub-prefecture level, making their contribution marginal at the village level. Their own characteristics notwithstanding, these organisations are very sensitive to demand rather than prescriptions.
With respect to local organisations, it should be noted that two types of organisations coexist at the village level, the so-called farmers’ organisations (GVs), and grassroots organisations involved in the distribution of agricultural input services. For the purpose of spatial differentiation, the notion local organisation is used to encompass both types as opposed to higher territorial levels. Farmers’ organisations (or GVs) and grassroots organisations will be acknowledged when explicit distinction is needed.

As announced earlier, this study will focus on organisational mechanisms that contribute to the success or failure of the policy reforms. In the agriculture sector, there is enough evidence of the organisational search type of changes that occurred in the life span of most public-sector organisations in charge of the extension (CARDER) and marketing of agricultural products (SONAPRA). As will become clear, this approach to organisational changes facilitates the analysis of the reforms. This is not to assert that the state barely follows a trial-and-error process. But if lessons are to be learned from past experience, these hardly guide the enactment of new organisational forms. What matters first from the government viewpoint is the goal to be achieved.

In order to achieve those objectives, this chapter is organised into six sections. The first one will deal with the strategy of the public sector in the distribution of agricultural input services. The second section will describe the structure of the public sector in the distribution of agricultural input services. The third section will discuss the core capabilities of the public sector in the distribution of agricultural input services. The fourth section will inquire into the strategy, structure, and core capabilities of the private sector in the distribution of agricultural input services. The fifth section will contrast public-private roles in the distribution of agricultural input services, and the last section will derive some concluding comments.

### 4.1 Strategy of the public sector in the distribution of agricultural input services

Recall that strategy is concerned with the identification of a set of basic long-term goals and objectives of firms or of people, and the subsequent courses of action and allocation of resources necessary for achieving those goals. This section will then address issues related to goals, courses of action and resource allocation for the distribution of agricultural input services.

#### 4.1.1 Long-term goals of the public-sector organisations in the distribution of agricultural input services

It was said earlier that the government of Benin has assigned particular importance to matters associated with agriculture in general and agricultural input in particular (cf. chapter 1, section 1.1). The rationale derives from its importance in tackling issues of poverty reduction in rural areas, and its contribution to the goals of the social dimension of the structural adjustment programmes (SAPs). Although the contribution of agriculture to the gross domestic product (GDP) stagnated at the level of 37 per cent in 2000, the government sector has maintained its goals for full coverage in the distribution of agricultural input services (cf. FAO-PNUD 1990; FAO/PCT-Bénin 1988; IMF 1998; World Bank 2000).

#### 4.1.2 Course of action of the public-sector organisations in the distribution of agricultural input services

Recall that the public sector reserved a monopoly role in the distribution of agricultural input services until the early 1990s. Recall also that the distribution of agricultural inputs goes hand in hand with the primary collection of cotton output. The situation only evolved after the Benin government successfully launched the first structural adjustment programmes under the auspices of the World Bank and the International Monetary Funds (IMF) during the late 1980s. The
course of action adopted in the policy document advocated a liberalisation process, as opposed to the initial public-sector monopoly (cf. Cornevin 1981, Nwajiaku 1994). Liberalisation in the agricultural sector involved two processes: the disengagement of the public sector, and the transfer of responsibilities. As it will appear below, the two processes may not match.

Disengagement of the public-sector organisations from the input distribution channel

As will be shown below, the liberalisation of the agricultural input market is a gradual process, entailing five successive steps (cf. table 4.1). The first step was achieved during the growing period 1992/1993, when the Ministry of Rural Development authorised one private firm at the national level, Société de Distribution d'Intrants (SDI), to import and distribute 5,623 tons of fertiliser and 463,000 litres of insecticides, representing respectively 20 per cent and 18 per cent of the total demand for both inputs. It is instructive to know that demands expressed by farmers were recorded and aggregated one year ahead. This operation was successfully carried out under the supervision of the regional extension service (CARDER), which obtained royalties amounting to 4 FCFA per kilogram of fertiliser and 7 FCFA per litre of insecticides. The national agricultural marketing board (SONAPRA), on the other hand, carried out the primary collection of cotton and subsequently recovered agricultural credit on behalf of SDI, free of charge. This success was welcomed by the government, which instructed the Ministry of Rural Development (MDR) to gradually open up the agricultural input market to other private firms. It is also instructive to know that the union of private importers of agricultural inputs was created as a combined effect of the liberalisation process and the legacy of openness following the democratisation process (Nwajiaku 1994).

<table>
<thead>
<tr>
<th>Table 4.1: Evolution of private firms' involvement in the agricultural input market in Benin (1992/98)</th>
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<tbody>
<tr>
<td>Number of private firms</td>
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<tr>
<td>Share of market granted</td>
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<tr>
<td>% achieved for Fertiliser</td>
</tr>
<tr>
<td>% achieved for Insecticides</td>
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</tbody>
</table>

Source: SONAPRA

A second step then followed, with 40 per cent of both types of inputs demanded by farmers granted to the private sector for the growing period 1993/1994 (see table 4.1). Once again, only one firm qualified although two contenders did bid at the auction. However, this firm supplied respectively 35 per cent and 34 per cent of total demand for fertiliser and insecticides in the end of the agricultural campaign. For this step, CARDER was instructed to withdraw from the supervision role, since farmers' organisations were fit enough to distribute inputs by themselves. This supposes large inflows of financial resources and privileges to farmers' organisations, at the expense of the regional extension service. SONAPRA readily imposed this step at 1 per cent cost on the credit recovered for the benefit of the private firms.

A third step also followed, with 60 per cent of the input market to be supplied by the private firms for the growing period of 1994/1995 (see table 4.1). It is instructive to mention the opposition to the proposed shares by the union of private importers of inputs. They rather bid for 70 per cent of all input shares at the auction. Despite their claims, only two firms qualified. The latter distributed respectively 57 per cent and 78 per cent of the market shares for fertiliser and insecticides.
A fourth step, with 90 per cent of the market shares allotted to five private firms, met with much less success (see table 4.1). These firms hardly distributed respectively 75 and 89 per cent of the total demand for fertiliser and insecticides.

A final step, with 100 per cent shares of the market allotted to the private firms, started with the growing period of 1996/1997 and has continued since (see table 4.1). However, as the table shows, the recipient private firms have failed to supply the full shares, regardless their number. Two situations are then observed. Either the recipient farmers withdrew their demand due to defaulting supply, or demands were satisfied by SONAPRA from the buffer stocks.

The transfer of responsibilities to other actors in the distribution of agricultural input services
The transfer of responsibilities to other actors is one other face of the same coin, the liberalisation process. But, as table 4.1 indicates, it may not match with the public sector disengaging from the agricultural input services. A full transfer of responsibilities proved unfeasible during the period under consideration.

The case of the Couffo region is illustrative in this regard. Shortly after the liberalisation programme was implemented in 1991, the one private firm that qualified for the distribution of agricultural inputs established its branch in a single sub-prefecture, which was characterised by a high input consumption. This forced the national marketing board (SONAPRA) to establish its own branches in the other four sub-prefectures. At a lower territorial level, farmers' organisations carried out the distribution of inputs, responsibilities that were performed by the regional extension service in the past. According to annual reports from the extension service, which reflect the official government stance, the transfer of the role from the public sector to farmers' organisations has been successfully achieved (CARDER-Mono 1996). Whereas during the agricultural campaign of 1991-92 only 1.56 per cent of the marketing activities had been transferred to farmers' organisations (the GV), a 100 per cent score was obtained during the 1995-96 campaign (ibid. p.12).

4.1.3 Resource allocation in the public sector for the distribution of agricultural input services
The policy of retrenchment in the public sector imposed staff cuts of up to 60 per cent in agriculture. The subsequent implementation covered the period from 1989 to that of the liberalisation in the agriculture sector from 1991 onwards. It is instructive to mention that the *Ministry of Rural Development* carried out some rectification on extension staff among the six regional CARDERS of Benin, for equity purposes. A fair distribution of extension staff was then expected to guarantee an efficient resource allocation in addition to an improved extension service. But, extension staff cuts were originally biased toward field officers, thus cutting back on the extension service. A similar process occurred in the national marketing board, which experienced higher costs after than before the reforms. The two public-sector organisations, CARDER and SONAPRA, will be assessed below, focusing on their approach of resource allocation.

**CARDER, extension staff and cotton production**
Graph 4.1 indicates declining trends for both field and office staff between 1990 and 1991. These trends illustrate the reduction of staff, while the changes from 1991 onwards express more likely the rectification measures. A case-by-case analysis of the reduction with respect to both types of staff will reveal its underlying features.

Graph 4.1 provides a comparative evolution of extension staff and cotton production, using 1991 as a base year. Therefore, 1991 corresponds to 100 per cent for each component of the graph. For instance, field extension staff were halved over the period of 1991-1997, while the reduction of office staff was somewhat less but still noticeable (79 per cent still employed
in 1997 compared to 1991). In the background of graph 4.1, cotton production increased sharply throughout the period. For instance, it attained an index of 200 per cent in 1997. This implicitly suggested an improved resource allocation that could probably denote the willingness on the side of the public-sector officials to integrate efficiency in their strategy.

Graph 4.1 also suggests that the agricultural sector could dispense of field extension staff. I must point out that such an inference derives from a shortsighted view. Farmers on their own, but only through adequate counselling on farming practices may not achieve quality requirements and standards for the market.

In fact, the reorganisation plan of the World Bank recommended the cut of 4,000 employees, nearly 60 per cent of the personnel of the Ministry of Rural Development (World Bank 1990). This reduction of staff in the agricultural sector is a necessary condition for the rural development institutions to have access to further loans from the Bank. More importantly, as is shown in graph 4.1, the reduction applies with greater emphasis to the field extension staff as compared to office staff. Table 4.2 illustrates the evolution of the number of extension office staff, villages and total number of rural households for one extension field staff in the Couffo region between 1990 and 1997. It indicates a change of ratios between extension field staff and office staff, from one to one in the 1980s to one field staff for two office staff in 1997. Therefore, the extension service then became more bureaucratic rather than field oriented.

**Graph 4.1**: Comparative evolution (index, 1991=100) of extension personnel and cotton output over 1990-97, CARDER-Mono/Couffo

In fact, the extension workload increased three-fold during the period of ten years. If the territorial coverage of each extension field staff used to be two or at most three villages in the 1980s, nowadays it has reached the level of six villages. The number of rural households to counsel on farming practices has increased from 281 households (about 700 farm workers) in 1988 to 954 households (about 2850 farm workers) in 1997. It was originally expected that adequate help would be provided from the headquarters of the extension service (CARDER), through supervisory field visits. However, as discussions with officials from some key
services of CARDER revealed, there was no field orientation of office staff after the reforms. Logically, it may be inferred that agricultural extension counselling lapsed after the reforms, leading to high information costs for farmers.

The drastic reduction of field extension personnel is one example of policy intervention bias reinforcing the pre-reform structural imbalances (see table 4.2). The analysis of the extension salaries below will provide substantive ground for such an inference.

CARDER, extension costs and performance

One important argument justifying the drastic reduction of extension personnel derives from the policy of retrenchment in the public sector. An evaluation of such a reduction should not rest only on the comparison between extension office staff and field staff. A critical analysis of the extension costs before and after the reforms may be very instructive. Graph 4.2 provides a substantive view of the evolution of extension costs between 1990 and 1997, using staff salaries as proxy. The top line corresponds to current extension costs, and the second line is derived by adjusting to inflation, mainly that caused by the devaluation of the CFA franc in 1994. All yearly inflation rates have been adjusted to a reference year, 1991.

Table 4.2: Evolution of the ratios of office staff, number of villages and number of households to one extension field staff in the Mono-Couffo region, 1988-1998

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<tbody>
<tr>
<td>Office staff to one field staff</td>
<td>1.1</td>
<td>1.2</td>
<td>1.0</td>
<td>1.0</td>
<td>1.4</td>
<td>1.5</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Villages to one field staff</td>
<td>2.2</td>
<td>2.5</td>
<td>2.8</td>
<td>2.8</td>
<td>3.4</td>
<td>4.7</td>
<td>5.0</td>
<td>5.1</td>
<td>5.2</td>
<td>5.7</td>
</tr>
<tr>
<td>Households to one field staff</td>
<td>280.7</td>
<td>331.1</td>
<td>380.2</td>
<td>396.2</td>
<td>495.5</td>
<td>699.4</td>
<td>763.8</td>
<td>808.2</td>
<td>849.2</td>
<td>959.4</td>
</tr>
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Source: Compiled from annual reports (CARDER-Mono 1989 through 1998)

The top line of graph 4.2, indicating the current values of extension costs, depicts an increase in costs in spite of the drastic reduction of field extension staff described earlier. The rationale is that high-ranking extension staff remained in office, while the reduction targeted low ranking field staff. The bottom line, corresponding to real extension costs, indicates that extension costs have been more or less contained, thanks to the devaluation. It follows that the relative increase in the current extension costs, as observed after the reforms, still challenges the retrenchment argument underlying the reduction of extension staff.

Another argument behind the reduction of extension staff derives from the withdrawal of some functions that were formerly performed by field staff. It was suggested that releasing field staff from those functions would liberate potentials for an improved extension service with minimal costs. Graph 4.2 provides evidence to the contrary. Recall that their functions in the distribution of agricultural input services and the primary collection of cotton output were phased out during the early 1990s. The subsequent minimal agricultural extension counselling notwithstanding, the current extension costs have remained high.

Concerning the argument of multiple functions, field extension staff and school teachers still remain the most counted on for civic tasks. The democratisation process underway in Benin has offered greater opportunities for people’s participation than ever before, hence a facilitating function to the village-level civil servants, a role that extension field staff readily took on, in exchange for the loss of privileges in the cotton sector.
Roles of the public, private and local organisations in the distribution of agricultural input services in the Couffo region

**CARDER, bureaucratisation versus efficiency in resource allocation**

It was observed earlier that the extension service lapsed in the aftermath of the reforms, hindering further farmers' willingness to engage in the use of agricultural inputs. Recall that stringent retaliation measures have been taken against the Benin cotton on the world market, due to falsification in quality labelling by the national marketing board (SONAPRA). Le Bourge (1997) drew a parallel between the reduction of personnel and the expansion of areas under cotton crop, on the one hand, and the quality decline of the Benin cotton fibre on the other. It follows that the quality of cotton decreased over time, as a compound effect of the dysfunction in the public-sector resource allocation and the partial failure in achieving the transfer of responsibilities to the private sector.

![Graph 4.2: Evolution of extension costs (staff salaries) over 1990-97, CARDER (Mono-Couffo).](image)

The bias in the reduction of extension staff parallels the line of argument developed by Commander (1989). As he rightly contends, the public spending cuts acknowledged by the World Bank are more likely to affect rural activities than urban activities. Accordingly, Jamal (1993) and Cornia et al. (1987) stressed the adverse effects on vulnerable groups, the poor especially. From those perspectives, it is instructive to note that the World Bank recommendations mainly aggravate the plight of those who cannot defend themselves, for instance, the field extension officers.

**SONAPRA, staff cuts, operating costs and investments**

Recall that SONAPRA is the national marketing board initially in charge of the distribution of agricultural inputs at national level, and of the marketing of cotton output. Graph 4.3 indicates the evolution of the ratios of staff salaries, operating costs, investments, and taxes paid to the national budget in real terms of 1991. Concomitantly, the base year for the calculated ratios is 1991, which corresponds to the reduction of the staff to nearly half their size of before the
reforms. This explains why the four histograms in graph 4.3 are at the same ratio of 100 per cent in 1991. Two orientations will be derived below for analysis purposes. One is relative to the order of growth or decline of each item taken alone, and the second refers to the comparative growth or decline of two or more items at a time.

Following the first orientation, nominal taxes paid by SONAPRA to the national budget in 1997, for instance, reached 150 per cent its former size of 1991. In real terms, the level of taxes has decreased by up to 79 per cent. In fact, the high inflation, caused by the devaluation of 50 per cent of the local currency in 1994, seriously undermined the values of taxes paid to the government.

Nominal staff salaries, on the other hand, unexpectedly increased to 142 per cent in 1997, despite the drastic reduction of personnel in 1991. However, the ratio of staff salaries in real terms decreased to 75 per cent in 1997. Still, what then explains the increasing levels of nominal staff salaries? In fact, the size of personnel increased within the following years of the reduction, although figures did not reach the level of before 1991. Several tentative answers could be derived from interviews with officials in charge of the management of human resources and staff salaries. One side of the arguments is based on the hired seasonal labour that is not counted among staff as permanent employees. This situation derives from the growing need for monitoring and implementing a range of activities related to the expansion of cotton production (distribution of agricultural inputs, quality control, cotton market supervision, ginning activities, transport, etc.). Another side of the arguments is that some sacked employees were paid their rights in cash following the reforms. More importantly, those employees still have a pending legal case before the court against SONAPRA. They accused SONAPRA of breaking the legal agreements by recruiting new employees other than those sacked in the aftermath of the staff reduction. This certainly constitutes another source of financial drain in terms of personnel costs. A further side of the arguments is concerned with salary increases, which have also played a role in the observed rises.

Graph 4.3: Comparative evolution (index, 1991=100) of taxes, staff salaries, operating costs and investments (real values in 1991) of SONAPRA over 1990-1997

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With respect to the operating costs, of which taxes represent insignificant shares, these also grew, but more rapidly than did taxes (see table 4.3). Thus, costs other than taxes and salaries increased faster, namely because of the booming cotton production referred to earlier. In fact, the operating costs related to additional ginning capacity and handling increased to a large extent. The level of investment costs, which escalated after the reforms, substantiates the latter argument. An in-depth analysis of the investment costs will be pursued below.

The second type of analysis is comparative (see table 4.3). The relative weight of taxes paid to the national budget is higher in the period before the reforms compared to that of staff salaries and investments. The ratio of taxes to salaries indicates that, after the reforms, even taxes are insufficient to cover staff salaries (see table 4.3). This result is contrary to expectations and needs qualification. As reported earlier, a lot of costs incurred by SONAPRA for hiring seasonal labour are included in the costs under consideration. This indicates that the observed relative increases do not accrue to individual employees, although the present trends undermine the retrenchment argument in the public sector.

Table 4.3: Evolution of the shares (%) of staff salaries, taxes and investments in the operating costs, taxes in staff salaries and in investments (SONAPRA, 1985-97).

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<tbody>
<tr>
<td>Salaries/Operating costs</td>
<td>1.2</td>
<td>1.3</td>
<td>1.1</td>
<td>2.4</td>
<td>1.0</td>
<td>3.0</td>
<td>3.3</td>
<td>3.6</td>
<td>3.0</td>
<td>3.1</td>
<td>2.7</td>
<td>2.1</td>
<td>1.8</td>
</tr>
<tr>
<td>Taxes/Operating costs</td>
<td>2.5</td>
<td>2.5</td>
<td>1.7</td>
<td>1.3</td>
<td>0.1</td>
<td>2.8</td>
<td>1.7</td>
<td>0.8</td>
<td>1.7</td>
<td>0.7</td>
<td>1.1</td>
<td>1.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Investments/Operating costs</td>
<td>1.5</td>
<td>0.7</td>
<td>4.5</td>
<td>24.6</td>
<td>14.8</td>
<td>5.2</td>
<td>4.5</td>
<td>7.2</td>
<td>19.5</td>
<td>13.1</td>
<td>9.1</td>
<td>4.8</td>
<td>10.6</td>
</tr>
<tr>
<td>Taxes/Salaries</td>
<td>207.4</td>
<td>189.7</td>
<td>158.1</td>
<td>55.3</td>
<td>13.4</td>
<td>93.2</td>
<td>52.9</td>
<td>22.3</td>
<td>55.8</td>
<td>22.7</td>
<td>42.5</td>
<td>78.5</td>
<td>55.8</td>
</tr>
<tr>
<td>Taxes/Investments</td>
<td>172.4</td>
<td>338.9</td>
<td>38.4</td>
<td>5.3</td>
<td>0.9</td>
<td>53.9</td>
<td>38.2</td>
<td>11.2</td>
<td>8.5</td>
<td>5.3</td>
<td>12.5</td>
<td>34.5</td>
<td>9.3</td>
</tr>
</tbody>
</table>

Table 4.3: Evolution of the shares (%) of staff salaries, taxes and investments in the operating costs, taxes in staff salaries and in investments (SONAPRA, 1985-97).

Source: Compiled from annual reports (SONAPRA 1986 through 1998)

As to investment costs, their level was negligible up to 1986, but peaked at 1988 and decreased up to 1991. The year 1992, on the other hand, is as flat as 1991. This is after the reduction of personnel and before the transfer of certain activities to the private sector and farmers’ organisations. Then, the investments peaked again in 1993, closing the case of SONAPRA’s structural reforms. Having the liberalisation behind them, officials of SONAPRA successfully implemented new investment projects, which finally attained the top index of 325 per cent in 1997 (cf. graph 4.3).

An analysis of the investment timing in relation to the overall cotton sector suggests a lag period of one to two years between producer-price shocks and production increases resulting in demands for larger capacities for ginning and handling cotton (cf. SONAPRA 1980 through 1998). All shares or percentages are calculated with 1981 as the base year. The past producer-price shocks occurred successively in 1983 (167 per cent of the level of 1981), 1985 (183 per cent), 1994 (233 per cent) and 1996 (333 per cent). Then, the cotton booms followed in 1984 (more than fourfold the level of 1981), 1986 (150 per cent the level of 1984), 1993 (more than 200 per cent the level of 1986) and 1995 (126 per cent of the level of 1993). However, this is not to ascertain that producer-price shocks necessarily result in demands for investments in ginning and handling as cotton productions expand. Other reasons, like highly depressed food-crop prices and the absence of alternatives, may contribute to explaining the producer-price response of local farmers (Bidaux et al. 1997). Yet, these...
reasons may not hold any longer after the devaluation of the local currency. In fact, food-crop prices escalated in the aftermath of the devaluation in 1994. This may explain the shrinking production response observed after the producer-price shock of 1996, although it seems too soon to conclude so, given the blame on either the climate in 1996-97 or the dubious quality of agricultural inputs in 1997-98 (Ibid.). Undoubtedly, other sectors are becoming attractive because of rising relative prices in the presence of high production costs for cotton. Aspects of quality are increasingly hindering the market value of the Benin cotton on the international market (Le Bourge 1997). The latter problem has been seriously thought through, and a plan was laid down for the recruitment of additional field extension officers under the financial responsibility of the private firms.

4.2 Structure of the public-sector organisations in the distribution of agricultural input services

As sketched in chapter 3, the extension service (CARDER) has a pyramid-like structure that denotes a hierarchical bureaucracy (cf. figure 1, annexe C). It was also stated that the national marketing board (SONAPRA) had a similar hierarchical structure. These structures explain to some extent the top-down nature of their approach to the distribution of agricultural input services.

Another rationale for the hierarchical and top-down relations derives from the legacy of the former colonial private firms and the large oil-palm estates of the 1960s. In addition to their crop specificity, both types of organisations also shared a locality-specific style as well as a top-down approach of intervention. This is to assert that the organisational aspects of rural development advocated nowadays were hardly accounted for during the early 1960s.

Most colonial firms engaged in the agriculture sector continued their activities until the nationalisation of all agricultural services following the Marxist-style regime in 1974. This led to the massive involvement of the state in the distribution of agricultural input services and the marketing of agricultural produce. A concomitant growth of the public-sector organisation, including administrative, co-ordinative as well as material, financial and human resources, was observed then. Those drawbacks notwithstanding, both public-sector organisations (CARDER and SONAPRA) were assigned a facilitating role in the liberalisation process.

The liberalisation reforms have been described earlier, and the main operating measures spelled out. The organisational dimension of the distribution of agricultural input services is sketched in figure 4.1, below. The rationale is to provide insights into how various groups of actors articulate and co-ordinate their different functions in the distribution of agricultural input services.

4.3 Core capabilities of the public sector in the distribution of agricultural input services

Core capabilities will be assessed with respect to the extension service (CARDER) and the national marketing board (SONAPRA), drawing from organisational as well as knowledge capabilities. With respect to organisational capabilities, special emphasis will be on the apparently inefficient resource allocation, while information diffusion will be the focus of knowledge capabilities.

CARDER and organisational capabilities
The apparent increase in extension costs will guide our understanding of the learning process within the organisational structure of CARDER. The increase can only be envisaged following two dynamic processes. One is administrative and entails the growth of the extension personnel
Roles of the public, private and local organisations in the distribution of agricultural input services in the Mono-Couffo region, while the other is social and appeals to an increase in salaries. The first process has been referred to above and encompasses the administrative regional rectification following the waves of personnel cuts. The extension staff cuts followed double processes. The first process was based on voluntary withdrawal. During the late 1980s and early 1990s, more extension personnel withdrew from the CARDERs with little incentive means other than those with donor-funded projects, leading to inter-regional imbalances in the number of civil servants. Because of such imbalances, the Ministry of Rural Development was forced to adopt a policy of regional rectification by means of coercive measures. Recall that the extension service in the Mono-Couffo region, although created first among the six regional services in 1975, was not funded until 1991. In fact, donor-funded regional extension services enjoy privileges such as per diems, transport means, and even accommodation for fieldwork. This explains why more extension staff withdrew from the Mono-Couffo region. However, such a situation evolved already in 1991, due to the attractiveness caused by the donor-funded integrated rural development project.

The second process, involving an increase of the values of salaries, is rather social and democratically enhanced. A close link between democracy and material demands was readily established soon after the 'Conférence Nationale' (CN) of 1990 (Nwajiaku 1994). Most civil servants were eager to reap the benefits from the payment of the salary arrears cumulated over the period from 1986 to 1990. The successive releases of those arrears in 1991 and 1994 markedly increased the absolute values of salary costs. Although the claims for salary arrears are genuine, their success seemed very much influenced by the legacy of openness following the national conference. It is instructive to observe that the change of ratios between field and office staff in favour of high-ranking management staff has markedly played an important part in the accentuation of the observed increases in staff salaries.

Regarding the operating costs of CARDER-Mono, an analysis of the evolution of these costs before and after the reforms must be hedged with caveats. One aspect of interest refers to the sheer breadth of financial resources available to CARDER-Mono from 1990 onwards. Coincidentally, the Couffo region successfully won its first donor-funded Integrated Rural Development Project (IRDP) in 1990. The second aspect is that the treatment of those costs will do little justice to the scope of the various functions performed over time. For instance, the 1980s were characterised by CARDER managing industrial activities on the oil-palm industrial sites and the cotton-ginning factory, while the 1990s have witnessed the inclusion of rural infrastructure such as roads, market facilities, warehouses, residential and office buildings, etc. An additional aspect of interest refers to the difficulties in relating the operating costs to the supervisory field visits which, according to the officials of CARDER, have not fundamentally increased following the reforms.

The bias toward the drastic reduction of field extension staff in favour of office staff may derive from a possibility of collusion between officials in the Ministry of Rural Development and higher-ranking extension officers. Officials invoke sociological inertia when attempting to explain such a bias, and the process that leads to it.

An institutional perspective may infer that office extension personnel have been in position to alter the reforms. Although the reduction of extension personnel was imposed from the top of the government, namely government officials and experts from the World Bank, Hoffman (1989) and Wallis (1989) argued that the rights of the latter might not prevail over those of the higher-ranking extension officers. A hierarchical order between institutional arrangements at the top and contractual arrangements at the bottom is then assumed. This is to assert that the reduction of extension personnel has fallen to the status of contractual arrangements that higher-ranking extension officers may manipulate to their own advantages, whereas this is not the case for field extension officers. This discussion parallels that of
Commander (1989) and is revealing of the biases that the structural adjustment programmes introduce into the development processes.

**CARDER and knowledge capabilities**

Overall structural changes subsequent to the reduction of extension staff are highly relevant to spatial imbalances of agricultural input services. It is unlikely that villages without GVs, or not producing substantial amounts of cotton, would benefit from extension counselling. Nor would villages initially performing well in the cotton sector drag behind because of insufficient access to agricultural information. In the absence of privileges, extension field visits are endorsed with an explicit requirement for reporting facts in relation to the performance of intervening organisations and not in the genuine interests of beneficiaries. It is very often the recurrent lack of information on non-cotton producing villages that eliminates the possibility of supervisory field visits.

**SONAPRA and organisation capabilities**

The recurrent increases in the costs of SONAPRA are impinging on the welfare of all other actors in the distribution of agricultural input services. The argument here runs as follows. All investment costs incurred by SONAPRA are siphoned out of farmers' revenues, while the public-choice literature contends that public-sector organisations are unlikely to achieve efficiency owing to their insensitivity to the costs of over-production (Dunsire et al. 1988). This theory must not be applied to public organisations as a straitjacket. For instance, SONAPRA had maintained a continuous stream of contractual human resources in addition to not more than thirty civil servants. The initially large number of contractual agents, in comparison to the permanent personnel, was seen as an advantage in 1991. However, it turned out to be not only costly in financial terms, but also very disruptive as the representatives of the redundant agents continue to fight SONAPRA before the court.

In line with the public-choice argument, SONAPRA lately experienced unprecedented financial crises due to embezzlement and information concealment. Most external debtors of SONAPRA, having high political connections, were reported not creditworthy (Magnidet 1999, p. 1). This clearly transpired through the warnings addressed by the trade union on May 21\textsuperscript{th}, 1999. Among other topics, their appeal urged the management of SONAPRA:

*to implement recommendations regarding the improvement of cotton production to match the current idle capacity in most ginning factories; recover several billions of credit by all means; in this respect, to activate the recovery service; engage in prudent investments; encourage a close monitoring of the various spending departments by the accounting control department; to evaluate the licensing agreements with national as well as international firms in order to invalidate contractual relationships with those that are not creditworthy* (Amagbègnon 1999, p.15, translation added).

The financial crisis at SONAPRA appeared more acute than it was thought, as it has urged timely decisions from the national Council of Ministers that enacted repressive measures against a list of debtors (Conseil des Ministres 1999). The subsequent difficulty or ease with which SONAPRA could sort out the financial mess might prove the public choice theory right or wrong. In spite of the political will to rescue SONAPRA, this public-sector organisation is moving very close to bankruptcy.

Obviously, cotton marketing, which is one of the two services initially endorsed by SONAPRA, seems critical for the organisation's fate. The other service, the agricultural input supply, which had been subsidised from 1980 to 1987, restored confidence with positive balances from 1987 to 1994. However, the balance quickly reversed to negative because of financial losses in the segment of insecticides in 1994/95 and in the segment of fertilisers in
Roles of the public, private and local organisations in the distribution of agricultural input services in the Couffo region

1995/96 (cf. Bidaux et al. 1997). The latter situations, which could easily have been anticipated because of the government-support promotion prices, may cause a reluctance of the private sector to enter this market.

Rondinelli (1985) called our attention to the World Bank’s recommendation that stressed that the public-sector marketing board is unlikely to contribute to farmers’ welfare as a group. This assertion derives mainly from the policy bias that favours differential social overheads between urban and rural areas. The decrease of the levels of taxes accruing to the national budget is one of numerous arguments explaining the disengagement of the government sector from the construction of health facilities, schools and other social overheads in rural areas. This may also lead to a reduced urban overhead.

4.4 Strategy, structure, and core capabilities of the private-sector organisations in the distribution of agricultural input services

The distribution of agricultural inputs, initially carried out by the extension service (CARDER), is presently performed by the private sector at the regional level, and by farmers’ organisations at the local level. Although the change of actors was initiated to improve the distribution of services and henceforth the price-quality relation, the cumulative effects of the phasing-out of subsidies, the devaluation of the local currency, the multiplication of intermediaries and the reduction of extension personnel bear a great deal in the deterioration of the agricultural input services. Most of the claims of the agricultural policy reforms hardly live up to expectations. The remainder will substantiate the collapse of the formal distribution system in the presence of growing distribution costs and unfavourable macro-economic conditions.

It should be pointed out from the outset that the long-term goal of the private sector is the profit motive. However, due to the long-standing public-sector monopoly of the past, the private sector may modify its strategy in the short- and medium-terms by aiming at competing on a future profitable market. The characteristics below will shed light on the goal, the course of action and the approach to resource allocation of the private sector.

Characteristics of the private sector

As was already pointed out earlier, in 1992 only one private firm established itself in the sub-prefecture with a large demand for inputs in the Couffo region. To date, the situation has evolved with the creation of new private agricultural input sale points in the other four sub-prefectures of the Couffo region, which had previously been served only by SONAPRA. However, demand for inputs is still expressed at the local level, whereas the private firms supply inputs at the sub-prefecture level. This seems contradictory because the existing farmers’ organisations, the GVs, apparently serve as co-ordinating mechanisms between the locally fragmented demand and the wholesale supply of inputs. However, the participation in GVs is still low, notably in the Couffo region (see CARDER-Mono 1996; Dédéhouanou 1999). Therefore, the GVs only partially perform a demand co-ordinating function.

It has already been mentioned that high prices have equally contracted demand. The phasing-out of subsidies on inputs as well as the devaluation of the CFA franc in January 1994 have had an impact on farmers’ purchasing power. Given the low-participation argument, the price- and the purchasing-power arguments, only a limited demand for agricultural inputs is conveyed to the private firms. It follows that the private sector is not active because of the thinness of the input market. However, we must be careful not to blame the Structural Adjustment Programme (SAP) for all factors impinging on the demand. More general socio-economic factors, too, affect the demand for inputs in Benin, such as farmers’ risk aversion, the relative price relationship between input and output, and the productivity response of inputs
given the climate and local conditions. Of greater significance is also the structure of the customary property rights and its influence on resource control and access within the wider rural development context.

There are also supply-side arguments to justify the reluctance of the private firms. Recall that agriculture usually holds a low profile in the portfolio of private investors in the developing countries. Consequently, involving the private firms in agriculture is still at its infancy and much needs to be learned by the latter in this respect.

An important reason, given in the literature, for the reluctance of the private sector to carry the distribution of agricultural input services is the low level of demand (Thompson 1991). Economies of scale dictate the attitude of this sector when transport costs, stock handling, capital mobilisation, etc., are concerned. This is largely substantiated by country-studies in Lele et al. (1989). In the same vein, the present study identifies several other factors which discouraged farmers and occasioned the prevailing contracted levels of demand through the formal channels, in addition to the substantial rise in agricultural input prices. Moreover, the elaboration of these factors clarifies the apparently reluctant behaviour of the private firms.

First of all, the spatial dispersal of the small family farms is prohibitive of any individual distribution from the private-sector point of view. In addition, the state of the transport links contributes, as well the high costs which would be incurred by a system of individual delivery. This explains why the post-liberalisation supply outlets are located only at the sub-prefecture level. The compromise reached between the private firms and SONAPRA forces farmers’ organisations to be active at the sub-prefecture and even at the regional levels. From the institutional economics perspective, this might be the right structure for the distribution of agricultural input services.

Second, the required timeliness of supply makes the activity very risky since the failure to provide the input at the right time of the growing season implies a loss of sales. In addition to those risks, the possibility of failing to get the license renewed represents another threat for the private firms (Bidaux et al. 1997). The only solution is the planning of the real needs almost one year ahead. As it has been argued earlier, the present demand estimation procedure, although sensible for securing the private firms’ interest under the prevailing conditions, carries a potential risk of contracting input consumption. Farmers, and certainly rain-fed small farmers, hardly plan their production ahead, and if they do, gradual changes are incorporated as soon as the natural and other managerial conditions permit. This is to assert that the decision to purchase agricultural inputs rests on a day-to-day evolution of farm works. In that sense, the subsequent thinness of certain segments of the input market, insecticides, for instance, constitutes a threat for private sector commitments (Dédéhouanou and Quarles van Ufford 2000).

Finally, farmers buy their inputs on credit. During the period before liberalisation, the government-sponsored organisations used to incorporate the functions of both input supplier and credit provider. Today, though, farmers need collateral in order to obtain credit. This not only requires some form of group cohesion among them, special arrangements between the private sector and agricultural credit institutions are required as well. The solution proposed to this dilemma, and one that is also advocated in the literature, is to establish contract farming (Grosh 1994; Porter and Phillips-Howard 1997) or contract-like schemes. This suggests a role for the input supplier (the private firms) on the output market, which at the moment is still withheld by SONAPRA.

The arguments as to why the private firms are reluctant or not must envisage, in addition to their own characteristics and requirements, the possibility of SONAPRA using them as scapegoat in order to delay its restructuring. In this respect, the procedure of licensing and the related financial and material requirements are very appealing.
Liberalisation led by the public sector

In fact, the import of agricultural inputs and thereafter the distribution of those inputs to farmers' organisations are both carried out under the close supervision of SONAPRA after the retreat of CARDER. Several major principles guiding the licensing of private firms for the import and distribution of agricultural inputs will be discussed below.

One important principle is that of a tutelary system using the *out-sourcing* type of contractual relationship. Two modes must be considered. One is a combined import and distribution scheme, which will be discussed in detail below. And the other is to help SONAPRA constitute a *buffer stock* for its proper distribution channels. Another principle of interest is that market shares are partitioned at the auction in which several contenders bid for the contracts. Although this may look a fair option, which could yield transparency and accountability, it is important to stress that the fulfilment of the contractual requirements exposes some implicit flaws.

An additional principle of interest refers to the contractual requirements. The list of contractual requirements is made up of fifteen articles. The thrust is that each contender needs a formal backing from SONAPRA itself or affiliated government institutions to fulfil the requirements. Needless to discuss all fifteen articles, however, it should be stressed that in addition to those referring to entrepreneurs' management skills and the solvency of the firms, the last article clearly discriminates against any firm having a pending legal case with SONAPRA before a national or international jurisdiction. Therefore, in terms of liberalisation, SONAPRA simply contracts out part of the market channel to the private sector.

A further principle of interest refers to the contractual rules according to which SONAPRA substitutes for financial institutions in the provision of collateral for the credit offered to farmers. Once more, the scheme makes the private firms dependent on SONAPRA. A final principle of interest is that the credit period runs for over one year to no less than eighteen months. This is quite an extensive period, given the breadth of capital to be invested by the private firms.

To sum up, it is worth noting that the above listed principles are ambivalent in their essence as well as in their mechanisms of functioning. It is unlikely that officials from SONAPRA do not make use of their content or procedure to frustrate any targeted firm contending for the agricultural input market. As stated in the literature, the dangers of regulatory capture are great (Batley 1994, p. 501). It might not seem a misnomer to characterise the current private-sector involvement as *oligopoly*, as there is no evidence to the contrary (Badiane et al. 1997, p. 2.19). However, this is not to blame SONAPRA with all shortcomings of the liberalisation. The conditions that hinge on private-sector involvement have been discussed earlier. In any case, the present situation is neither cost effective, nor is it conducive of a sustained private-sector involvement. In contrast to a full-fledged privatisation implicit in the liberalisation process, it is argued in the present study that there is scope for government intervention in the sector. Undoubtedly, this sector still has a major role in supplementing the private sector's effort where market imperfections are obvious. Over time, however, the following step of the liberalisation is all the easier as it only consists of supporting changes that are well underway, that is, of involving private firms when they are ready to appropriate certain market channels.

Some of the requirements of the private-sector involvement in the input distribution channels hinge on individual characteristics. Dédéhouanou and Quarles van Ufford (2000) found that input trading hinges more on the skills and education of traders than does the marketing of other agricultural products. Input traders also have to negotiate on equal footing with large multinational companies. This requires more skills and knowledge than the trading in local products (Badiane et al. 1997, p. 2.21). This may explain the apparently cautious behaviour of private
entrepreneurs. It is finally instructive to recall Berg’s warning about the uncertainty surrounding the operation of the private sector (World Bank 1981).

4.5 Public-private roles in the distribution of agricultural input services

In sum, the private sector is operating as an intermediary for the supply of agricultural inputs, augmenting further intermediate costs on the market (cf. the mark-up of 3 per cent for both insecticides and fertilisers in table 4.4; Badiane et al. 1997, p. 2.17). SONAPRA is responsible also for managing input sales on credit. In addition, the government continues to fix the price of agricultural inputs pan-territorially, based on a formula using the c.i.f. international price plus a marketing and profit margin (see table 4.4). This certainly augments the charges associated with the supply channel, since SONAPRA also gets some royalties as intermediate actor when the private sector is in charge. Farmers’ organisations at the sub-prefecture level get their own royalties for conveying local needs to the supply services and distributing inputs to farmers. The resulting high prices of inputs may also contribute to the decreasing enthusiasm of farmers to make use of agricultural inputs.

The case of the Couffo region has been extensively discussed in chapter 3. In fact, what remains after the observed neglect of farmers to apply fertiliser and insecticides on cotton is the production derived from soil mining, which certainly expands at the expense of large cultivated areas and soil erosion and needless to say, at the expense of quality. The question then remains how long such soil mining practices will last. And what will be the outcome in terms of farmers’ welfare? There are other aspects of the cotton scheme that need to be taken into account when evaluating the gains for individuals as well as for farmers as a group. This account will be turned to below.

Table 4.4: Cost-structure for two types of agricultural inputs, fertiliser and insecticides, in Benin

<table>
<thead>
<tr>
<th>Input/Type of cost</th>
<th>Fertiliser (F. CFA/Kg)</th>
<th>Insecticides CE (F.CFA/litre)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SONAPRA %</td>
<td>Private %</td>
</tr>
<tr>
<td>Transit</td>
<td>4.6</td>
<td>14</td>
</tr>
<tr>
<td>Local transport and storage</td>
<td>1.6</td>
<td>5</td>
</tr>
<tr>
<td>Taxes</td>
<td>.4</td>
<td>1</td>
</tr>
<tr>
<td>Testing</td>
<td>.1</td>
<td>0</td>
</tr>
<tr>
<td>Marine Expertise</td>
<td>.0</td>
<td>0</td>
</tr>
<tr>
<td>Staff + other costs</td>
<td>2.0</td>
<td>6</td>
</tr>
<tr>
<td>Transport</td>
<td>17.7</td>
<td>55</td>
</tr>
<tr>
<td>SONAPRA (Royalties)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Farmers’ organisations (Royalties)</td>
<td>2.5</td>
<td>8</td>
</tr>
<tr>
<td>Bank costs (Import guaranties)</td>
<td>.4</td>
<td>1</td>
</tr>
<tr>
<td>Bank costs (Distribution)</td>
<td>3.0</td>
<td>9</td>
</tr>
<tr>
<td>Costs for collateral (SONAPRA)</td>
<td>.0</td>
<td>0</td>
</tr>
<tr>
<td>Total intermediate costs</td>
<td>32.1</td>
<td>100</td>
</tr>
<tr>
<td>Price (Cost Insurance Fret, C.I.F.)</td>
<td>165.5</td>
<td>100</td>
</tr>
<tr>
<td>Intermediate costs</td>
<td>32.1</td>
<td>20</td>
</tr>
<tr>
<td>Total cost</td>
<td>197.6</td>
<td>120</td>
</tr>
<tr>
<td>Mark-up of 3% (Private profit)</td>
<td>5.9</td>
<td>3</td>
</tr>
<tr>
<td>Sales Price</td>
<td>203.6</td>
<td>123</td>
</tr>
<tr>
<td>Cost margin (Cost-Price CIF)</td>
<td>38.0</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Office National de Stabilisation et de Soutien des Prix des Produits Agricoles (ONS)
Recall that the observed situation results from the conjunction of two events, the rising agricultural input prices and the absence of field staff following the drastic cuts of extension staff. Farmers may cope with the first if cushioned with adequate counselling on farming practices. Given the liberalisation option, it might not be policy responsive to hold down prices. However, it is possible to shorten the marketing channel and, hence, reduce or phase out royalties. The second issue urges the recruitment and training of extension officers for field visits. As it appears, a solution to this second issue is within the reach of the actors in the cotton scheme. This solution is contemplated at higher levels of the hierarchy in the Ministry of Rural Development. Formerly advanced by SONAPRA’s officials in order to improve the quality of the fibre offered on the market, the private entrepreneurs have echoed the same idea after having been blamed for distributing agricultural inputs of dubious quality during the growing period 1997-98. The representatives of the private firms denied malpractice and contended that hardly any agricultural development can dispense with extension services.

The incriminated agricultural inputs are mainly composed of insecticides, after the National Agricultural Research urged the switch from the Ultra Low Volume (ULV) type to the Concentrated Emulsion (CE) type of insecticides. It is instructive to mention that the latter type is much less handy compared to the former, but safer for handling, according to agricultural research officials. In addition, the CE-type of insecticides is so much demanding in water resources that they can hardly be afforded in certain rural areas. The blame is to be very much on people’s lack of capabilities for a handy use of the products, rather than the ascribed dubious quality.

The cotton scheme, as it is currently implemented, is so protective for farmers that it fails to provide some minimally required learning conditions for production improvement. The argument derives from the acknowledgement of new brands of health-proof agricultural inputs without providing adequate training and counselling to farmers. The results prove that the steady increases of cotton production observed in graph 4.1 must not be equated to farmers’ aptitude to dispense with agricultural extension services.

Regarding the second event related to input prices, this will be discussed below. The concern here is about the resource flows and how these impede price, quantity and quality.

The leading argument explaining the collapse of the formal distribution system in the 1990s was the failure to keep the current prices stable as anticipated. Before the reforms, input prices escalated up to the late 1980s. Just following the reforms, input current prices stagnated from 1990 to 1994, then buoyed up after the devaluation in 1994. Table 4.5 presents the extent of price changes for two inputs of the cotton sector. It should be noted that the current prices for fertilisers, insecticides and even cotton did not follow the same rate of increase. For instance, the rate of increase observed for fertilisers is higher than that of cotton for the same period after 1994. This is not the same for insecticides and cotton. However, the unit price for insecticides and the number of applications constitute some deterrent for farmers. It follows that prices may influence farmers’ behaviour to some extent; this is to assert that cotton producers may adjust their demand according to input costs. As it will appear later on, farmers counteract through progressively giving up the use of insecticides and even drastically reducing the number of applications. Although the contraction of demand appears much less pronounced because of the diversion of inputs to alternative uses outside the cotton sector, price considerations preclude financial access.

Sprayers, as part of the agricultural inputs, are not accounted for, because they may be categorised as durable common goods. However, this situation has evolved lately, after the shift operated from insecticides of the ULV-type to those of the CE-type in 1995. Indeed, the sprayers used for both types of insecticides are not compatible. Therefore, from 1995 on, farmers inevitably purchased new sprayers. What remains constant is that sprayers are part of common
pool resources at the village level. Their costs are then catered for collectively rather than individually, except for cotton growers with large holdings.

With respect to seeds other than those of cotton, the thinness of this segment of the formal agricultural input market derives mainly from the low ratios of areas in Benin cropped under improved varieties compared to the rustic ones (Déhéouanou et Zannou 1997). The Mono-Couffo region is no exception to the rule, and the case of maize crop is very illustrative in this respect (cf. graphs 3.1 & 3.2 in chapter 3). In chapter 3, we reported the failure of the regional extension service, CARDER, to promote the utilisation of improved varieties of maize (CARDER-Mono 1997). However, as will be argued below, this is not to assert that farmers do not make use of improved inputs. On the contrary, the formal input service hardly provides what farmers require. There is no doubt that, although unaccounted for through the formal statistics, the so-called parallel channel maintains its grip on increasingly large shares of the agricultural input market.

**Actors’ perceptions**

Following the analysis of the impact of the liberalisation policy on the structure of the demand for and the supply of inputs, and more importantly the public-private role in the process, the point of view of public-private actors on the distribution of agricultural input services will be pursued below. Their perception will give a better insight into the problems that have accompanied the liberalisation process and the way in which these could be overcome.

**Table 4.5**: Comparative evolution of prices (F CFA) for cotton, fertiliser and insecticides of the ULV-type over 1985-1997, in Benin.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cotton (Kg)</th>
<th>Fertiliser for cotton producers (Kg)</th>
<th>Insecticides for cotton producers (l)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st class Prices</td>
<td>Index of 1991/92</td>
<td>Fertiliser Prices</td>
</tr>
<tr>
<td>1985/86</td>
<td>110</td>
<td>10%</td>
<td>90</td>
</tr>
<tr>
<td>1986/87</td>
<td>110</td>
<td>10%</td>
<td>90</td>
</tr>
<tr>
<td>1987/88</td>
<td>100</td>
<td>100%</td>
<td>100</td>
</tr>
<tr>
<td>1988/89</td>
<td>105</td>
<td>105%</td>
<td>100</td>
</tr>
<tr>
<td>1989/90</td>
<td>95</td>
<td>95%</td>
<td>95</td>
</tr>
<tr>
<td>1990/91</td>
<td>100</td>
<td>100%</td>
<td>95</td>
</tr>
<tr>
<td>1991/92</td>
<td>100</td>
<td>100%</td>
<td>95</td>
</tr>
<tr>
<td>1992/93</td>
<td>100</td>
<td>100%</td>
<td>95</td>
</tr>
<tr>
<td>1993/94</td>
<td>110</td>
<td>110%</td>
<td>95</td>
</tr>
<tr>
<td>1994/95</td>
<td>140</td>
<td>140%</td>
<td>190</td>
</tr>
<tr>
<td>1995/96</td>
<td>165</td>
<td>165%</td>
<td>190</td>
</tr>
<tr>
<td>1996/97</td>
<td>200</td>
<td>200%</td>
<td>190</td>
</tr>
</tbody>
</table>

Source: Adapted from SONAPRA

Note: Cotton price is the farm gate price while input prices are credit prices.

It was earlier reported that CARDER achieved 100 percent of the transfer of responsibility to farmers after only five years. This report represents one side of the coin. The other side is represented by dissatisfied extension officers, who consider themselves as losers because of the loss of privileges. They have lost also material advantages related to the services formerly rendered in the agricultural input marketing sector. The contradiction between the formal and informal position in the public sector is not novel. The reluctance of extension officers to forego privileges may lead to negligence of their remaining tasks, such as agricultural extension on the field.
The private firms, finally, are enjoying the profit of externalising most of the administrative, information and market exchange-related costs: local transport costs are taken care of in the cost-structure, information costs are supposed to be assumed by the extension services, storage and carry-over and payment risks are suppressed by simply responding to the expressed demand, etc. This means that traders do not store their merchandise for long periods of time (Badiane et al. 1997). With respect to credit on agricultural inputs, the private firms acknowledge that local credit-groups could be partners when represented at the sub-prefecture level.

Between those two groups of actors, only the private firms perceive the success of the reforms, because of new prospects in the sector. This is not to assert that the liberalisation is perfectly carried out from their point of view, there is a long way to go before the process lives up to expectations. More transparency in the licensing procedure, prolongation of the period under license from one to three years, and facilitation of entry to new firms are the most important pleas made by the private entrepreneurs. The other group of actors, extension officers, are more cautious about the outcome.

The independent small traders, on the other hand, sell small quantities of inputs to farmers on a cash basis. They do not use much credit, due to high interest rates, lack of collateral, and short loan periods. Contrary to Badiane et al. (1997, p. 2.22), who made a generalised claim regarding five sub-Saharan African countries, Benin included, cash sales are much less prevalent than sales on credit in Benin, owing to the ban on the parallel channel, except for the outreach of the formal channel of the input market. This partly explains the reluctance or the constraints faced by the development of a full-fledged market for agricultural inputs. In this respect and for improvement purposes, the crucial role of traditional grass-roots organisations has to be underlined. Based on mutual confidence and group solidarity, these organisations evolve around themes such as credit and farm work. The interview results are corroborated by the report of Badiane et al. (1997). In the villages where such social groups are found, the chances for successful transactions with a private firm are greater.

4.6 Strategy, structure, and core capabilities of local organisations in the distribution of agricultural input services

This section is concerned with local organisations. Recall that the distribution of agricultural input services is essentially organised around the partnership between the public, private, and local organisations. This entails the management of intricate relationships between various actors.

It was noted earlier that the involvement in farmers’ organisations has become the only means by which village communities show evidence of their concern with collective action and development. People’s participation entails membership in farmers’ organisations and the purchases of inputs. It also entails the production of cotton for export purposes. However, the situation evolves with the drastic curtailing of field extension officers and a greater responsibility to farmers at the village level.

The extent of the success or failure of the reforms, however, hinges on the integration of formal and grassroots organisations within the distribution process. The substance of the underlying arguments is not to the point in the present chapter. However, the presentation of both formal and grassroots organisations below will enlighten the integration processes discussed in the next chapter.

In order to assess the role of local organisations in the distribution of agricultural input services, this section is organised into three sub-sections. The first one will discuss the strategy of local organisations in the distribution of services. The second sub-section will deal
with the structure of local organisations, while the third will discuss the core capabilities of local organisations in the distribution of agricultural input services.

4.6.1 Strategy of local organisations in the distribution of agricultural input services

It should be stressed that government intervention emphasises farmers’ organisations, the GVs, while local and grassroots organisations are discarded from the formal input distribution channel. This is to assert that two relatively different strategies may be in place at the village level, one in response to government intervention, and the other essentially guided by local motives. This section will describe both strategies, focusing on the institutional goals, the course of action and the modes of resource allocation.

**Long-term goals of the local organisations in the distribution of agricultural input services**

The long-term goals of both the formal and the grassroots organisations involved in the distribution of agricultural input services will be addressed below.

**Long-term goals of the formal farmers’ organisations, the Groupement Villageois**

One important theme of the policy reforms during the 1990s is the restructuring process, which entails people’s participation in the development. In the agricultural sector, for instance, a prominent role has been assigned to the farmers’ organisations, of which the Groupement Villageois (GV) constitute the substratum. An attempt will be made below to define its institutional goals.

Originally, the GV was created to take up some production-related activities on behalf of the members, who are all agricultural producers. The decrees of creation, decree n° 143/PC/MDRA-AGRO of 15/04/1965, modified by the decree n° 119/PR/MDRC/AGR of 18/04/67, were also enlarged by the order n° 59/PR/MDRC of 20/12/1966. These decrees were meant to provide a legal basis for the GV as to their function, rights and obligations. From the 1960s onwards, the legal context of the GV has varied to a large extent, especially under the so-called Marxist rule (1972-1989). In fact, farmers’ organisations that were production-oriented, with members sharing all production factors, were preferred to those administering only services on the behalf of their members. Government policy did not only promote a competitive environment for the two types of organisations, but seriously undermined the organisations of the service-type, alleging economic abuse of the members. During that period, some farmers’ organisations of the service-type succeeded to evolve in line to policy changes, while others, which could not, disappeared.

With the era of democratisation, compounded with the liberalisation process, a switch to a more service-oriented type of organisations was made in the 1990s. The Groupement Villageois is presently a formal farmers’ organisation of the service-type, with the capacity to mediate some services to its members, like the supply of agricultural input and credit to members, the marketing of agricultural products, investments of benefits accrued for collective welfare. Its main jurisdiction covers the village sphere. However, villages with more than one GV as well as villages without a GV are commonly found.

**Long-term goals of grassroots organisations involved in the distribution of agricultural input services**

In general, development theorists refer to subsistence as an ultimate goal of rural social organisations (Blaikie 1996 1994, Friedmann 1992a&b, 1980). The focus is then on alleviating poverty through the production of subsistence goods. As soon as poverty is concerned, people’s vulnerability is questioned, and the definition of long-term goals of rural social organisations diverges following at least two perspectives. Blaikie (1994) and De Haan
Roles of the public, private and local organisations in the distribution of agricultural input services in the Couffo region

(2000) explored people's long-term goals, focusing on the perspective of access to resources. Accordingly, they defined the optimum livelihood as an ultimate goal. From an organisational perspective, on the other hand, F. and K. Benda-Beckmann (1994) stressed social security as an ultimate safety net for vulnerable groups. In the field of agricultural input services, the definition of a goal hinges on the relative weight of the sector within overall rural development.

Drawing from group discussions on the definition of long-term goals, it appears that opinions diverge very much according to the type of social organisations involved. In reality, each farmer addresses one dimension of the long-term goal by attaching his or her membership to a specific organisation. Therefore, livelihood and social security are two dimensions of the long-term goal that is addressed by vulnerable groups.

Contrary to the multiple-purpose nature of formal farmers' organisations (the GVs), most grassroots organisations have a unique goal from the start. If some of the latter organisations are associated with more than one goal nowadays, this mainly derives from their relative level of adaptation to changes.

**Course of action of the local organisations in the distribution of agricultural input services**

The course of action of formal farmers' organisations followed by that of grassroots organisations in the distribution of agricultural input services would be addressed below.

As an organisation in charge of services for its members, the GV makes use of human and financial resources and operates following some legal settings. GV-membership is recruited at the village level although actual members are cotton growers. Its financial resources are based on the level of service transfers assumed within the cotton sector, hence the subsequent premiums in addition to the enrolment fees subscribed by members (Daane and Mongbo 1991; Vodouhé 1996, Boon et al 1997). If members' subscription could be considered negligible, this is not the case for the refunds obtained from services achieved in the cotton sector. These refunds can be organised into four major groups.

The first major group of refunds refer to the royalties obtained through administering and distributing inputs to farmers at the village level. The farmers' union at the sub-prefecture level, the USPP, usually earns fixed amounts, e.g. 2.5 FCFA per kilogram of fertiliser and 5.0 FCFA per litre of insecticides, for carrying out the distribution of inputs (cf. table 4.4; Bidaux et al. 1997). This fund is partitioned according to the tasks involved at different territorial scales. Farmers' organisations at the village level are allotted their shares, accordingly.

The second major group refers to the refund on excess weight obtained at the ginning mills compared to the declared weight. The handling and transportation of cotton causes some weight loss, which is compensated through allowing for a deduction per grower. The quantities retained are often greater than the losses incurred, however, and the difference is then refunded to the GV.

The third group refers to the refund on pesticide. The marketing board usually discounts a forfeit per kilogram of cotton sold for pesticide purchased, whereas farmers' use of pesticides is minimal. This explains the large margins with respect to the forfeit, which are transferred to the GV.

The fourth group refers to the commission paid on the total weight of cotton bought, in compensation for organising the weighing, handling, and transportation of the cotton.

In addition to those four sources of financial resources, the marketing board sometimes distributes the *plus-value* with respect to the rules of stabilisation to the GVs. In fact, super-profits are made when the domestic price is far below the corresponding world price. The stabilisation mechanism administered by the *Office National de Stabilisation et de Soutien des
Prix des Produits Agricoles (ONS), formerly known as Fonds de Stabilisation et de Soutien (FSS), is then triggered and the super-profit is shared among different actors.

Given the breadth of resources available to the GV, members play a facilitating role in the development process. The collective resources are invested for social purposes, e.g. the construction of a school, or health facilities. There is, however, a crucial issue of financial embezzlements that plagues a large number of farmers' organisations (Daane and Mongbo 1991; Mongbo 1994).

As to the adoption of the GV charter, that is the set of formal rules and regulations by which each member must abide, there is doubt that farmers of the Couffo region agree with the stated course of action. The low rates of adoption of the group charter and the even worse rates of enrolment are very illustrative (cf. chapter 3, table 3.5). The results confirm that rural people prefer an evolutionary learning process to the decreed rules imposed by the government sector.

With respect to rewards and sanctions the GV charter is silent, leaving room for manoeuvre to farmers themselves. This does not necessarily flaw the legal content of the charter since it offers some flexibility to integrate people's propositions on the way in which rewards and sanctions may be attributed. However, this lacuna is often taken advantage of by powerful local leaders. The question is whether dissatisfied members exit or voice. In either case, it is likely that some costs are associated with such decisions. What then are the costs in relation to the options, exit or voice?

The present treatment of the decisions resulting from dissatisfaction must not obscure the fact that reasons other than internal conflicts in the GV explain people's dissatisfaction. These are extensively discussed in the next chapter. For now, the related costs of exit or voice will be dealt with.

In order to consider the costs of the decision of individual members to exit the GV, it is worth re-assessing the interests of being a member. Four main propositions will be taken into account, the reliability of the input supplied through the formal channel, the credit interest, the cash-component of the scheme (the selling of cotton) and the social status.

The GV remains a major organisation intervening between farmers and external agricultural input outlets for the supply of reliable inputs to the members. In order to bypass the GV, individual farmers must incur some transport costs to the sub-prefecture outlet, where he or she may purchase a certain, minimally set, quantity in cash. The exit option may include alternative membership in neighbouring villages in order to get access to inputs (cf. Vodouhê 1996). In this case, the loss is only in terms of the financial resources allotted to each GV through the scheme.

Credit is tied up to membership because of collateral reasons. As explained earlier (in chapter 3), the absence of clear-cut property rights and the concomitant intangibility of user rights preclude the development of a proper rural financial market. In fact, because of the absence of such a collateral asset in land resources, the whole GV is accountable for default credit payment. This explains why individual farmers cannot have access to agricultural input credit.

The cotton scheme has been a source of substantial cash for at least three decades. Selling cotton has become a very lucrative undertaking. The arguments against mono-cropping notwithstanding, more and more farmers are engaged in cotton production and increasingly large areas are cultivated as well. Without GV-membership, however, farmers are unable to sell unless they hand over their produce to members. Somehow, people's interests in the scheme and, hence, in securing GV-membership are irrefutable.

As a rural development group, the GV invests in many social amenities at the village level. Members, who play the role of local development brokers, hence gain a positive profile. It is
likely that such a high social status influences people’s evaluation of the exit option, implying high costs for exit. As may become clear below, this probably explains the increasing tendency for the voice option, leading to most GVs splitting up in the absence of good governance.

The voice option also entails more than internal conflicts within the GVs. The focus will here be on the internal conflicts, while an in-depth consideration of the external case will be discussed in the next chapter.

As a consequence of the discussion on leadership held earlier, conflicts are intrinsic to any organisation. The nature and breadth of these conflicts have already been covered, and what presently matters is the extent of the costs incurred by voicing. Two cases will be considered. The first is when the victim has the power to induce changes in the organisational leadership and management. Then, he or she is a winner and hence does not incur any individual costs. However, the organisation itself may fade as a result of clashes between members. The second is when the victim has no power since voicing may bring him or her more harm than keeping quiet (Daane and Mongbo 1991). Vodouhe (1996) documented cases of farmers being forced to migrate because of powerful leaders exerting total economic embargo against the offenders (no access to inputs and credit and even to land). An intermediate case which is of interest, occurs when the victims fail to induce changes in the GV, but nevertheless succeed to rally some followers. Then, the village-level organisation is split into two or more organisations. As will be shown below, these cases are very common and are characteristic in certain villages of the Couffo region.

Recall that few farmers’ organisations have adopted the GV-charter, and even less are formally enrolled, suggesting the uncertainty surrounding the management of collective funds. Mongbo (1994; 1995) claimed widespread embezzlement of collective funds nation wise. In the Couffo region, however, claims of embezzlements must be mitigated owing to the degree of collective investments in social and economic infrastructures (CARDER-Mono 1997).

Regarding grassroots organisations, they are essentially more task-oriented rather than long-lived groups. In the face of social dilemmas, people get together under the guidance of a leader, who may be a kinsman, a patron, a broker, or a mediator (Bailey 1976; cf. annexe B). Although this sociological perspective of leadership applies with greater significance to the Couffo region, it sheds little light on the differentiation between grassroots organisations and formal organisations. In fact, the origin of leadership matters from the development perspective. That is why Kaya (1989) referred to the group organiser (GO), whom he graded as catalyst, resource coordinator, and educator (cf. annexe B).

The specificity of the intervention process under study is that it precludes the possibility of a strong and effective leadership to evolve. The bias toward the formal farmers’ organisations, the GVs, is one important ambivalent aspect of local leadership. However, this is not to assert that local leaders are rare. Nor are they ineffective. Local leaders are forced to operate at a very small scale, except for few grassroots organisations like the Kugbe group (cf. Vodouhe 1996).

Resource allocation in the local organisations for the distribution of agricultural input services

It was reported earlier that there are at least five sources of revenues that accrue to farmers’ organisations. How well are these resources invested for collective interests?

One characteristic of those financial resources is that they are all earmarked for collective purposes. However, it should be stressed that they are subject to information asymmetry. Most GV-members are unaware of the collective funds. In fact, most conflicts opposing members are based on the nature and breadth of those resources (cf. Vodouhe 1996; Mongbo 1994). For ex ante conflict prevention and ex post conflict resolution, it is expected that such an organisation is
equipped with a set of rules and regulations and with an adequate set of incentives as well as sanctions. Recall that few GVs have adopted their group-charter, and that the charter is not entrusted with adequate rules, sanctions and incentives. It follows that formal institutions are missing, suggesting some flexibility for trial-and-error processes. Due to the ambivalence of modern and customary governance, however, ex ante conflict prevention and ex post conflict resolution are flawed.

Concerning grassroots organisations, a substantive account of land and labour resource management has been presented in chapter 3 of this study. The motives behind the different variants of traditional resource management have also been covered. Grassroots organisations do not function without appropriate rules, norms and social values. Institutions are then designed to back social organisations. The marriage institution is such an example of governance structure with greater significance to land and labour resource management (cf. annexe D).

In most African communities, the marriage institution elicits clearly the inheritance rules at household level, although property is held by a corporate group claiming descent from the same ancestor (cf. F. and K. von Benda-Beckmann, 1994, p. 16). In the Couffo region, however, Biaou (1996) found no collective rights on land resources. The absence of collective rights does not necessarily reduce the social pressure, since the male children get the family resources in order to ensure the livelihood of the future descent, keep the resources within the community group, and pass these on to the heirs. Such inheritance rules discriminate against women, who are supposed to leave their family and get married, in order to enrich others. The marriage institution and the inheritance rules could partially serve as explanatory factors for the way in which rural people react to intervention or, more importantly, take action in a situation of risk or uncertainty. In sum, the marriage institution regulates access to land as well as to labour resources (cf. annexe D). However, as claimed by Den Ouden (1989), having land and labour is not sufficient for wealth accumulation, but the necessary skills to efficiently manage those resources are still to be acquired.

4.6.2 Structure of local organisations in the distribution of agricultural input services

In term of structure, farmers' organisations have a constitutional frame backed with some legal mechanisms. The GV is constitutionally organised into the general assembly (GA), the executive committee (EC) and the control committee (CC). The GA is supposed to be the main component of the GV, with its decisions legally irrevocable. As for any corporate group, the GA must be informed of decisions related to the generation of assets and their utilisation in addition to the follow-up of collective investments. For an extensive review of the legal terms under which the GVs operate, see Statut-Types du Groupement Villageois, and Vodouhê (1996).

The executive committee (EC) is composed of nine members, all elected during a general assembly. It is assumed to be the executive core of the GV, and it is in charge of the implementation of the decisions and recommendations of the GA. The control committee (CC) is also composed of elected members and is in charge of monitoring the executive committee on its full compliance with the decisions and rules imposed by the GA. Among other tasks, the CC is supposed to monitor the legal utilisation of collective assets and financial resources.

The integration of farmers' organisations, the GVs, in the network of public, private and local organisations involved in the distribution of agricultural input services will be illustrated in the next chapter. Owing to the spatial articulation needed at a high territoriality level, it is highly likely that this scheme frustrates a substantial demand for agricultural inputs from farmers.

Grassroots organisations used to be simply structured, as their coverage hardly outreach the village level. They used to be one-purpose or multi-purpose small-size groups, spontaneously
organised to carry out specific tasks in the field of agricultural input services. In such organisations, only one member used to hold all statutory positions, administration, accountancy, control and the like. However, the growing concern with extra-territorial activities progressively has forced grassroots organisations or the leaders in charge into adopting very complex structures. The case studies documented by Vodouhè (1996) in Benin and those by van den Brink and Chavas (1997) in Cameroon are revealing of the long processes involved. In fact, the authors described sequential procedures of adapting the management structures of grassroots organisations to those of formal organisations. In Benin, local leaders occupy the first place within grassroots organisations, and they are increasingly turning to literate persons for the bookkeeping activities. For larger organisations, involving people from neighbouring sub-prefectures, there are decentralised branches with appointed local leaders, whose role is to convey the queries of members to the head offices.

At the margin of the structured grassroots organisations involved in the distribution of agricultural inputs, there are informal channels through which people have access to inputs.

The informal agricultural input services, and the parallel channel

The supply of agricultural inputs such as crop seeds is marginally organised through market transactions. On market days, especially during the growing seasons, traders generally display two different baskets of grain products, one for food and the other for seeds. However, inputs such as insecticides and fertilisers are not subject to open-market transactions, even though they are transacted. The reason stems from the stringent regulation on the supply of these inputs. This is also one justification for this input channel to be considered as informal.

A more widespread source of informal supply is the so-called community seed system, based on reciprocity and following kinship, self-help, saving-and-credit group relations and the like. The concept of community seed systems is borrowed from Cromwell (1996), who defined it as the channel through which the farmer-to-farmer exchange of inputs takes place. Nowadays, this mechanism may encompass all types of inputs, the modern as well as the traditional inputs. When the exchange concerns local traditional materials, this is classified as the community input system. When the exchange concerns modern inputs, it is referred to as the parallel channel.

The difference between the community input system and the parallel channel is blurred. If the latter used to be active only in the seed segment, mainly supplying rustic varieties of different crops on the local market and, more importantly, for reciprocal or barter exchanges (Carney 1998; Cromwell 1996), it has progressively expanded its niche and its range of services to also include the so-called modern agricultural inputs. Nowadays, as will be shown below, a clear delineation between the community-input system and the parallel channel is hardly perceptible.

The so-called parallel channel is growing in both size and scope. This is because of the parallel that is so easily drawn between this sector and the community-input system. For instance, it is alleged that members of farmers’ organisations, the GVs, sometimes share agricultural inputs with other farmers on initially agreed upon conditions. Not unexpectedly, it has been claimed that increasingly larger shares of inputs no longer go through the formal channel.

An additional source of informal supply concerns remittance-like inputs from the other countries, precisely Nigeria and Ghana, to farmers in Benin. This sector is also very active in the transfer of innovations, the dissemination of new varieties and farm practices (RAMR 1987, 1988) and in the trans-border trade of fertiliser and insecticides. LARES (1996) reported the import of inputs from Nigeria on a substantial scale in the past. Although the inward-looking input policy in this country has to some extent reduced these flows, pesticides in particular are still imported following the trends in the exchange rates between the Nigerian currency and the franc CFA (Ibid.). However, because of the stringent nature of the regulations in Benin and Nigeria, these important flows of agricultural inputs have stayed underground. To date, there is a
dearth of information characterising both the scope and scale of this source and the true mechanisms underlying the stated channel for the distribution of agricultural input services.

4.6.3 Core capabilities of local organisations in the distribution of agricultural input services

Farmers’ organisations, the GVs, are still in a transition stage. Knowledge as well as organisational capabilities are still meagre compared to expectations. Although farmers’ organisations are involved at the sub-prefecture and even the village levels, it is unlikely that agricultural input services nowadays get closer to the large majority of farmers than before. There is still a great deal of organisational capabilities to be acquired in this respect. The performance of the distribution of agricultural input services will be assessed in the next chapter, drawing from such a perspective. Concerning the knowledge perspective, the illusion that farmers could dispense with a full-fledged agricultural extension counselling was quickly revised in favour of enhanced knowledge diffusion (cf. sub-section 4.1.3). In fact, farmers are known to disseminate agricultural knowledge among them, but this process is limited in scope. If they excel in the informal dissemination of agricultural practices meant for their livelihood or social security, they do less for practices that are relevant to the market.

Regarding grassroots organisations, Vodouhê (1996) documented a range of capabilities that are relevant to the learning process. For instance, grassroots organisations make use of social practices, which could be compared to monitoring techniques within an organisation. These techniques are: screening, spotting and policing opportunistic behaviour among their members, for instance, the saving and credit groups in the Couffo region. There are undoubtedly mixed types of organisations, which have successfully blended both traditional and modern values. The saving-and-credit groups are giving credit on agricultural inputs to farmers. Vodouhê (1996) and van den Brink and Chavas (1997) substantiated the adaptation processes of the trial-and-error learning types.

4.7 Concluding comments

In this chapter, it has become clear that genuinely designed reforms have achieved some disappointing results. This derives from the following three major factors:

1) The inflexible nature of the linkage between intervening actors;
2) The limited scope of most agricultural development intervention projects, namely their bias towards cotton production, which is only one of several crops planted by farmers; and
3) A built-in resistance against the implementing public-sector organisations such as SONAPRA, the national marketing board, and CARDER, the regional extension service, on the one hand, and the private firms, on the other hand.

The present chapter demonstrates that policy sequencing is fraught with misappropriate staff reductions and equally flawed distributions of roles. Shortly after cutting down extension field staff by up to 50 per cent, it was acknowledged that farmers’ organisations could take up the extension role. The resulting outcomes consist of a strikingly illusive booming of cotton production and declining access to the extension services, thus making performance goal achievement questionable.

The focus has been on discussing the evolution of various organisations involved in the distribution of agricultural input services and the related institutions in the light of their impact within the agricultural sector. As it appears, in a rural development context organisations and institutions are far from given. Actors whose interests and temporal motivation really matter model them. The success various actors get from restructuring organisations and institutions largely substantiates their bargaining power in the system.
certain types of organisations and institutions are known to determine economic performance and distribution, choosing them may certainly influence resource allocation.

On the structural side, CARDER and SONAPRA are public-sector organisations. All these organisations are supposed to function following some proper rules and norms by which members must abide. In other words, their operating modes are governed through formally set institutions.

One part of the policy environment is the private sector, whose role hinges very much on the negotiation process between representatives of the private firms and the public-sector officials. Recall that the private sector is different from the parallel channel, given the licensing procedure, which has been spelled out earlier. The role of the private sector has not been overlooked, since it derives from a political commitment on the side of the government to engage in agricultural reforms. However, apparently, there is a lack of consensus on how and when to implement policy instruments geared at reducing the size of the public sector. The results include an inoperative and drastically curtailed extension service, a large national marketing board, and a cartel of a few private firms, precisely all the structural evils that the reforms were to correct.

Concerning the core capabilities that are to be acquired for the strategy and the structure of the distribution of agricultural input services to live up to expectations, this chapter has addressed behavioural and organisational issues based on administrative, information and exchange related costs.

Regarding local organisations involved in the distribution of agricultural input services, their role in the reforms is crucial. They are accountable for the success or the failure of the reforms. Like the public-sector bureaucrats whose actions undermine the reforms, people’s participation in local organisations is the performance indicator. Although farmers demonstrate their willingness to participate, their involvement is curtailed by various biases. The most important bias is that toward cotton production. The whole intervention process, and hence also the distribution of agricultural input services, is oriented toward the promotion of cotton. The inflexibility of formal farmers’ organisations is a predicament to any effort at integrating the grassroots organisations and the distribution of inputs. Because grassroots organisations and farmers’ organisations share some common goals, their integration is expected to further the distribution of agricultural inputs. The conditions under which integration might be possible will be turned to in the next chapter.

The present study has unravelled high administrative and information costs caused by an inappropriate retreat of the public sector. Equally relevant are the intermediate costs caused by the new structure of the distribution of agricultural input services. The role of the private sector within such distribution channels may have been set out with the intention to halt the structural reforms. Moreover, it was admitted that the private firms would hardly engage in the process because of a lack of trust and confidence between them and the public-sector organisations. Therefore, it could readily be claimed that their resources and true competencies are still missing for an effective take-off of the intervention process.

The functioning of the distribution of agricultural input services is then fraught with flaws. This is to ascertain that the tenure status of farmers, the intra-household power relations, the intra-community solidarity among the beneficiary populations, in other words, the social values of farmers, holds little significance in the calculation of the demand. Nonetheless, there is no doubt as to the role of social values in shaping institutional arrangements. This was expected, since land ownership, intra-household relationships and the existing local organisations might either encourage or hinder participation in the distribution of agricultural input services. Those themes will be extensively discussed in the next chapter.
NOTES

1 The delineation of field and office staff derives from the organisation of the extension service as depicted in figure 1 (cf. annexe C) and from empirical knowledge about the allocation of roles according to the professional background of the extension agent. In general, the so-called Assistant du Développement Rural (ADR) worked with farmers under the direct supervision of the Agent Technique du Développement Rural (ATDR). In addition to the supervision role, the latter also performed directly with farmers in selected villages. The two groups used to represent those categorised as field staff, although many other staff members may claim to be field personnel for rhetoric purposes. In any case, the use of the index is sound since the personnel cuts operated seem to constantly target a certain group while leaving out others.

2 In order to keep an eye on SONAPRA, the government sector allocated a handful number of permanent employees, around thirty civil servants. This number hardly varies from year to year. Those public-sector administrators then recruit casual workers whose number varies to a large extent on a yearly basis as well as seasonally.

3 The CARDER of the Mono-Couffo region has received financial assistance from the European Funds for Development (EFD) starting in 1990, and from the African Fund for Development (AFD) starting in 1991 (cf. Dédéhouanou 1994). These funds amounted to 11 billions 350 millions and 5 billions 88 millions of local currency, respectively. The financial contribution from the national budget, which was supposed to account for staff salaries and other administrative expenses, amounted to 1 billion 714 millions of local currency. This bulk of financial resources were planned over a period of five years, contrasting with the dearth of operating costs during the period before the project in the 1980s.

4 In a case study on Guinea, Sahn and Sarris (1994) discovered that even a decrease in prices did not lead to an expected increase in the demand for agricultural inputs. They concluded that more attention should be paid to non-price and related institutional factors (1994, p. 295).

5 It should be stressed that SONAPRA, in addition to complementing the private firms where they fail to distribute agricultural inputs, is in charge of an exceptionally marginal supply of inputs to wetland rice projects and agricultural research projects in Benin.

6 In fact, two kgs are subtracted per bundle of cotton weighed. Therefore, the deducted amount differs from one farmer to another, according to the total number of bundles sold.

7 The supply of insecticides and fertiliser has been regulated in the past through different laws. The latest is law n° 91-004, enacted on February 11th, 1991, with an application decree n° 092-258 of September 18th, 1992, that confers all rights to deliver permits to traders and bring before the court any unauthorised person trading such inputs to the Ministry of Rural Development.