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Organization of extension services in the Hungarian sheep and goat industry

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SUMMARY - During the years of the political and economic transition, consultant firms working for sheep state farms and cooperatives closed down. In the best period, these firms were involved in service and trading activities. They also had indirect effect on small farms via their work for bigger cooperatives. In the last couple of years a new extension service system has developed with state subsidies, and this is not involved in trade any more. There is also an external organization (ACDI/VOCA) involved in the extension service that -in cooperation with the local system- is supporting the establishment of the new type of integration. The operation of different extension services is summarized in this work.

Key words: Sheep, goat, extension service system, TQM, integration.

RESUME - "Organisation des services de développement dans l'industrie hongroise ovine et caprine". Pendant les années de transition politique et économique, les firmes consultantes travaillant pour les fermes et les coopératives d'état dans le domaine ovin ont été fermées. Pendant leur période d'activités optimales, elles étaient impliquées dans des activités de service et de commerce. Elles avaient un effet indirect sur des fermes de petite taille à travers leurs activités pour les coopératives plus importantes. Dans les deux dernières années, un nouveau système du service de développement s'est développé avec le support de l'état mais il n'avait pas à assumer d'activité commerciale. Il y a aussi une organisation extérieure (ACDI/VOCA) impliquée dans les services de développement qui, en coopération avec l'organisation locale, contribue à l'établissement d'un nouveau type d'intégration. Les opérations des différents systèmes de développement sont résumées dans cet article.

Mots-clés : Brebis, chèvre, services de développement, TQM, intégration.

Introduction

There is not a single sector in the Hungarian economy that has not been influenced by the changes and reorganizations of the political system. It is not only the ownership structure in the goat and sheep sector that changed dramatically, but also the size of sheep and goat population in the country. The 1982 number of sheep (3,180,000) decreased to 31%, the number of ewe (1,972,000) to 34% by 1996; while goat population gradually increased in the last 5-6 years, reaching an estimated 65-70,000 by 1997. The changes in the population coincided with breaking up of big farms into smaller units. Most of these newly formed small units hold less than 100 sheep. Seventy-five percent of all 'sheep farms' fall into this category. In the case of goats there are usually 5-20 animals on a farm (although the range varies 5-100 animals).

The changes which were described above influenced the status of extension services profoundly. These effects are summarized in this work.

Consultancy or servicing

In the period before 1990 large-scale farming was dominant in the small ruminant sector of agriculture. there were even several large-scale goat farms (state farms and cooperatives), which were swept by the wind of change.

Besides these big farms, goat and sheep were kept in households for supplementary income and not so much on independent private farms. Trade was carried out by a handful of companies, the

number of these started to increase only after 1989. There was a multilevel extension system operating in the country in this period (Fig. 1).

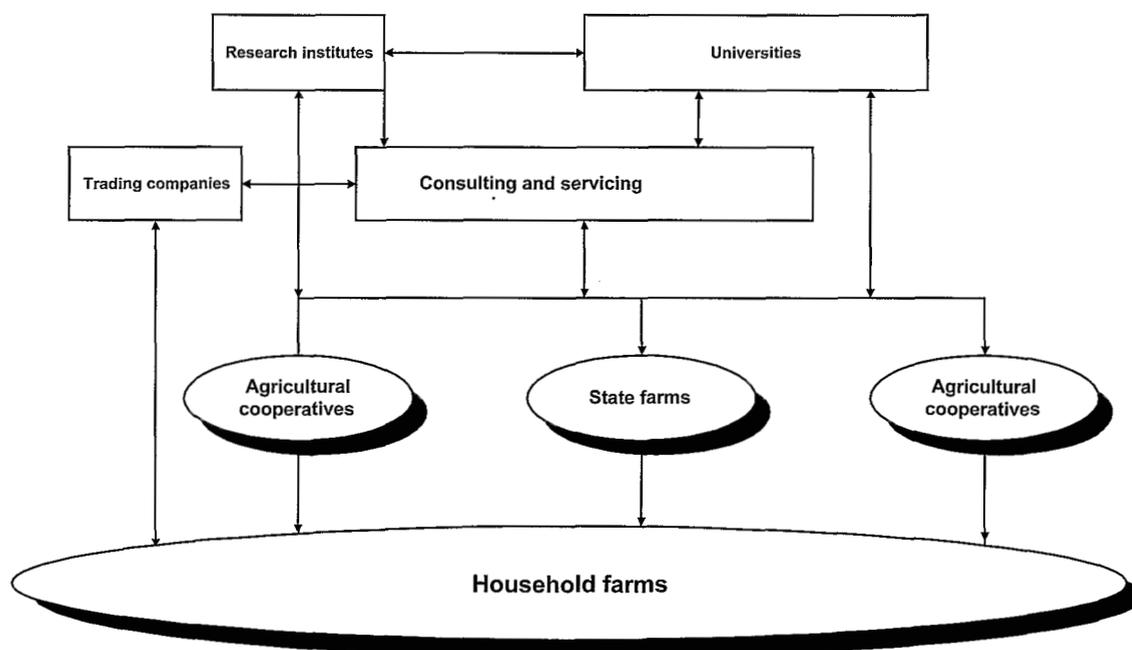


Fig. 1. The operation of the agricultural extension services before 1989.

These small household farmsteads (0.5-1 ha crop land or a couple of animals in the yard) were operated by members of agricultural cooperatives or state farm workers in addition to their regular work. These smallholdings operated under the aegis of the large-scale farm and were supported by special services. The large scale farms employed professionals to arrange the support of the work of smallholders from cultivation up to product sale. In the case of crop production this included the seed supply, soil cultivation, plant protection, harvesting and the sale of crop together with the large scale unit. In the case of animal husbandry this meant supply of breeding stock, fodder, advisory service and in most cases sale together with the big farm's animals. Naturally, these household farms operated by the large scale farm's system regarding variety, fodder, keeping and breeding technology and used the favourably priced services of the big farm too. This system was very advantageous for the small units, because for no additional cost they could apply the newest results of research and development applied by big farms. Beside they also received premium for their products. This possibility was not available for the small number of private farms (working on their own).

The main targets of both research and development and extension services were large scale farms. Results of development and research could be tested well under these circumstances, and results could be sold and applied throughout the extension services.

Before the political changes there were 1,300 agricultural cooperatives and 126 state farms in Hungary, of which 650 and 95 bred small ruminants. These farms used the advisory and other respective services of several companies. These services included investment operations, planning and construction work, transportation of technological equipment and veterinary services and fertility services. The servicing companies obtained the latest results of research for free or for a very low fee from research institutes and universities and passed these on as servicing companies. These servicing companies together with their partners were usually called 'production systems'.

Trading companies (wool, lamb and milk purchasers) supplied special consultancy and servicing to influence the quality and quantity of the end product they tackled. With the increase in the number of these types of companies the concept of combination sale was introduced, when a certain service was only available for those who sold the end product to the same company.

Universities and research institutes helped production companies partly indirectly through these servicing companies and partly directly through their extension service. The significance of this latter activity showed remarkable increase in the '80s.

'Pure' extension services

The system of extension services has changed profoundly in the last couple of years. The former servicing companies closed down, because in the years of political transition there was not enough money available to sustain them. In the euphoria of owning their lands the new owners failed to make use of these servicing companies. In order to alleviate the problems due to the lack of information, financial and professional resources, the government founded the so-called Master farmers' (they are organized by the Agricultural Chamber) offices and employed professional agronomists to help farmers' work. In addition to this, new organizations were established. Companies or individuals wishing to start agricultural consultancy business has to obtain permission from the Ministry of Agriculture. One condition is the support of the region's Agricultural Chamber and the Products Council. These companies are not allowed to engage in trading activities, only consulting, planning, and organizing (Fig. 2).

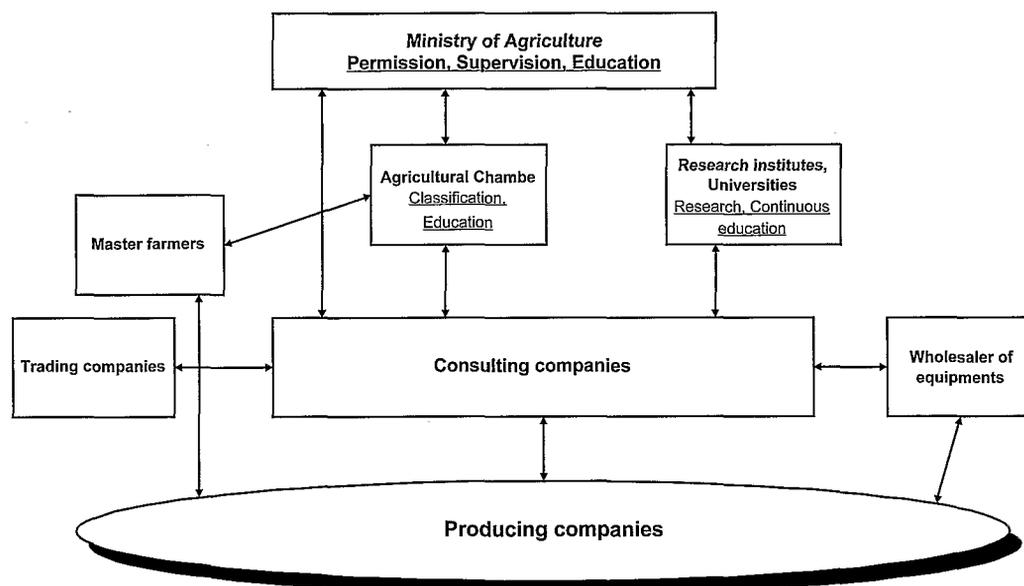


Fig. 2. System of Extension Services at the Moment.

For those involved in providing extension services there is continuous education organized by the Ministry of Agriculture (regarding legal, regime, state subsidy and registry issues) and by regional agricultural chambers, research institutes and universities (research results: breeding, fertility, feeding, processing and trading matters). Most training is organized with state subsidy received through grants.

The whole system is going through a learning process. There are many consultant firms existing only on paper with only few of them are actually used by producers. One reason behind this is that the present day smallholders cannot afford these services and even large-scale farms can hardly find money for this. In this, hopefully transitional, period the government supports farms making use of extension services by refunding 50% of the cost through grants.

International involvement in the development of the extension system

ACDI/VOCA, (founded by US AID) based on the resources of the organization supports SME (Small and medium enterprises) and extension services with the development of a Total Quality

Management (TQM) system and with a decision supporting manager information system (MIS). It applies these systems into practice in small enterprises, franchise systems and regional integrations. ACIDI/VOCA also prepares the necessary technological plans and feasibility studies for its partners.

ACDI/VOCA's program in the sheep sector resulted in a regional integration based on sheep milk production, and an organic lamb and sheep meat producing integration. In the goat sector two cooperatives and a franchise were established based on goat milk and cheese production. There are over two hundred small and medium sized enterprises involved in this sheep and goat program. The philosophy of ACIDI/VOCA is always to build up an integration towards a marketable end product and to adapt the TQM model to this production (Fig. 3).

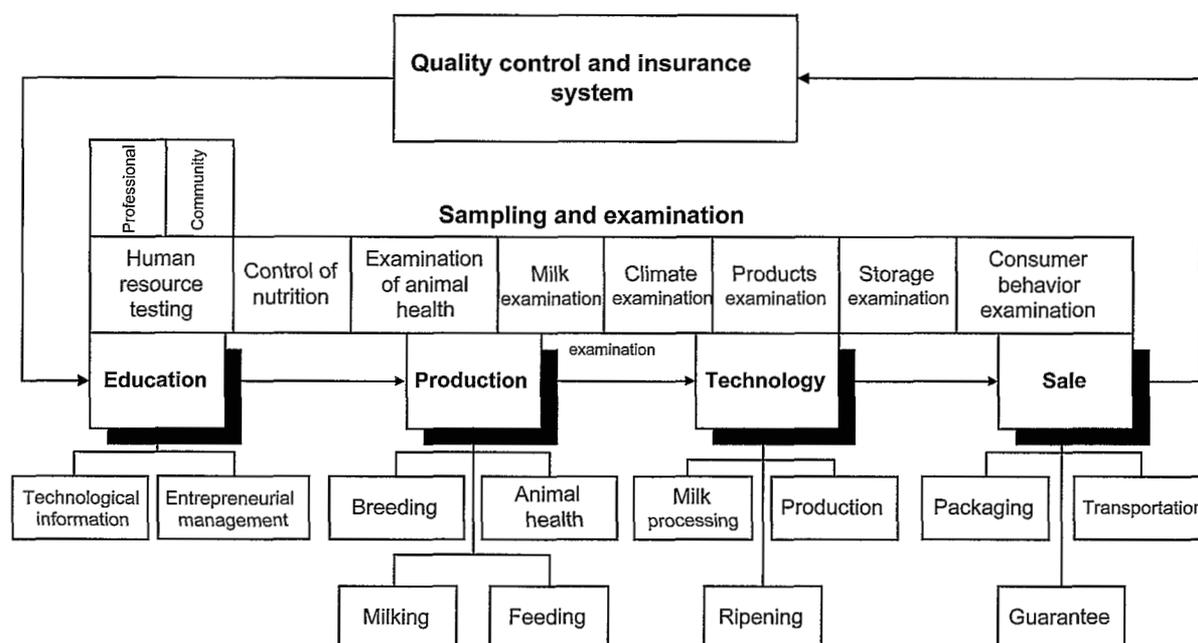


Fig. 3. TQM model in milking ewe and goat farm integration.

Based on studies analysing several enterprises, ACIDI/VOCA prepared decision supporting systems (MIS) for the goat and sheep sectors that are built up by the following modules:

(i) The registration and planning module includes

- Individual and age group registration of the sheep/goat population, their needs and production and the planning of these.
- Evaluation of the feed crop fields and storage management in monthly and 10 day periods
- Forecast of expenses and income.
- Turnover and liquidity in monthly and 10 day periods.
- Summarizing charts.

(ii) Evaluation module

- Tool for preparation of business plan.

(iii) Farm management module

- The classic accounting and book-keeping module sufficient to tackle the data of the whole enterprise.

(iv) Background charts and network connections modules

- Background charts include data for breeding or processing enterprises regarding technology, feeding, market situation.
- Financial indicators for cooperations and integrations.

The ACDI/VOCA with the TQM and with the MIS opened a new type of communication channel for extension work.

During the development of the system ACDI/VOCA established close cooperation with the Research Institute for Animal Husbandry and Nutrition Herceghalom (ATK) and with the University of Agricultural Sciences Gödöllő (GATE) These institutions are going to use the developed systems in the education of consultants and in direct extension services as well.

The operation of the system is drafted in Fig. 4., showing the integration of goat farms.

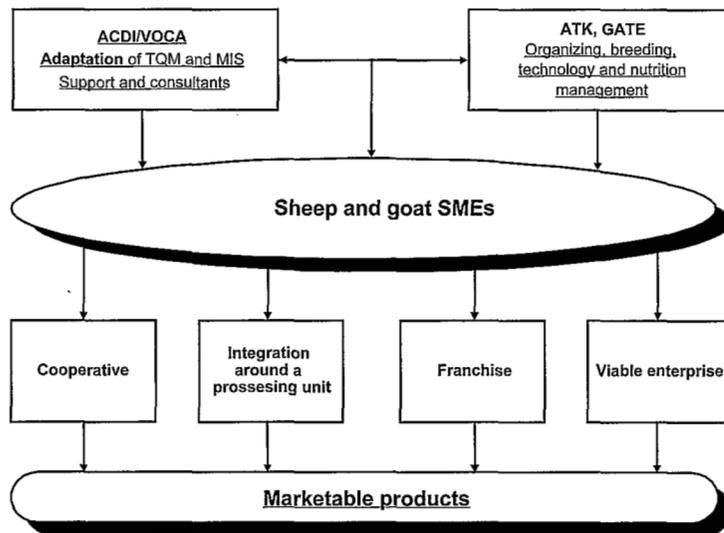


Fig. 4. Model of the goat farmer organization.

With the help of the two institutions mentioned above ACDI/VOCA assists small farmers to cooperate for joint processing and marketing.

Conclusions

The extension services were also effected by the reorganization of the Hungarian economy. These changes could be concluded as follow:

(i) The extension services were utilized by big (cooperative and state) farms before 1990 and the household farms could be operated as a part of the big ones -from this point of view. Several extensionists (consulting and servicing companies) helped their work.

(ii) After 1990 the firms in extension services were replaced by new and different companies, many of them were only small one. The new farms did not have enough income to utilize their services, so many of them were functioning only on paper. The system could not really work.

(iii) In the fields of sheep and goat farming an outside help could modify the extension service situation introducing the American system mainly to the goat farms. The Total Quality Management (TQM) model could offer the profitable development of the farms. Using this model several systems could operate on these farms with success.