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## **Beyond Recurrent Costs: An Institutional Analysis of the Unsustainability of Donor-Supported Reforms in Agricultural Extension**

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### **Abstract**

*International donors have spent billions of dollars over the past four decades in developing and/or reforming the agricultural extension service delivery arrangements in developing countries. However, many of these reforms, supported through short-term projects, became unsustainable once aid funding had ceased. The unavailability of recurrent funding has predominantly been highlighted in the literature as the key reason for this undesirable outcome, while little has been written about institutional factors. The purpose of this article is to examine the usefulness of taking an institutional perspective in explaining the unsustainability of donor-supported extension reforms and derive lessons for improvement. Using a framework drawn from the school of institutionalism in a Bangladeshi case study, we have found that a reform becomes unsustainable because of poor demands for extension information and advice; missing, weak, incongruent, and perverse institutional frameworks governing the exchange of extension goods (services); and a lack of institutional learning and change during the reform process. Accordingly, we have argued that strategies for sustainable extension reforms should move beyond financial considerations and include such measures as making extension goods (services) more tangible and monetary in nature, commissioning in-depth studies to learn about local institutions, crafting new institutions and/or reforming the weak and perverse institutions prevailing in developing countries. We emphasize the need to address three categories of institutions – regulative, normative, and cultural-cognitive – and call for an alignment among them. We further argue that, in order to be sustainable, a reform should take a systemic approach in institutional capacity building and, for this to be possible, adopt a long-term program approach, as opposed to a short-term project approach.*

**Keywords:** agricultural extension, reform, sustainability, recurrent costs, institutional analysis, donor, project, Bangladesh

## Introduction

Over the past four decades, international donors have spent billions of dollars, predominantly in the form of project aid, in supporting the development and/or reform of the agricultural extension service delivery arrangements in developing countries (Anderson & Feder, 2004; Overseas Development Institute [ODI], 1994; World Bank, 2006). During the 1970's, for instance, the World Bank alone committed over US\$1000 million to agricultural research and extension projects, rising to US\$4700 million in the 1980's (ODI, 1994). More recent literature (e.g. Agricultural Support Services Project & Agricultural Services Innovation and Reform Project [ASSP & ASIRP], 2003a, 2003b; Saviroff & Lindarte, 2004; World Bank, 2006) indicates that this trend continued in the later decades. Despite such huge investments, however, the extension developments and/or reforms promoted through project aid often appeared to be unsustainable once donor funding had ceased (Anderson, Feder, & Ganguly, 2006; Dow, 2004; Faure & Kleene, 2004; Gill, Bartlett, Huda, & Begum, 2003; Purcell & Anderson, 1997; Saviroff & Lindarte, 2004).

The most notable example of an unsustainable extension reform has been the World Bank supported Training and Visit (T&V) model. After nearly two decades of operation, the T&V became unsustainable following the termination of World Bank project aid in the 1990's (Anderson et al., 2006; World Bank, 2006). The causes of this decline have been widely discussed (Anderson et al., 2006; Feder, Willett, & Zijp, 1999; Purcell & Anderson, 1997; World Bank, 2006) that have centered predominantly on the high operational costs of T&V and the post-project unavailability of recurrent funding.

The post-T&V period has been marked by numerous donor-supported extension reform projects in various developing countries (see, for example, Rivera & Alex, 2004a-c). The innovations promoted or experimented through these projects have differed considerably from those of the T&V model and have included, for example, decentralized, pluralistic, privatized, and farmer or demand-led systems (Parkinson, 2009; Rivera & Alex, 2004a-c). However, as with the T&V model, the sustainability of many post-T&V innovations appeared to be uncertain or unlikely as observed, for example, in Bangladesh (Gill et al., 2003), Ecuador (Dow, 2004), Niger (Neighbor & Sellen, 2004), Venezuela (Saviroff & Lindarte, 2004), West Africa (Faure & Kleene, 2004), and Indonesia and Philippines (Quizon, Feder, & Murgai, 2001). Although many of these evaluations were *ex ante* and hence speculative, they tended to share spectacular similarities in referring to the same well known problem – recurrent funding. While funding is undeniably a crucial factor, such money-centric arguments bypass the fact that organizational practices are influenced not only by material and financial resources, but also by regulative, normative and cultural factors – a premise long established in the school of institutionalism (Hall & Taylor, 1996; Ostrom, Gardner, & Walker, 1994; Ostrom, 2000; Scott, 2008). In the study of donor-supported extension reforms, however, such an institutional perspective is barely found.

## Purpose and Outline

The purpose of this article is to examine whether and how the theoretical perspectives of institutionalism can help explain the unsustainability of donor-supported extension reforms and what lessons can be drawn from such an analysis. To achieve these, we have analyzed the case of an unsustainable extension reform in Bangladesh.

## Analyzing Institutions – A Framework

This study is grounded on a broad conception of *institution* in the school of institutionalism that refers to the *structures* and *activities*, which provide stability, order and meaning to human behavior across time and space (Scott, 2008). For analytic purposes, Scott (2008) has synthesized this universe of institutions into three general categories or pillars –

*regulative, normative, and cultural-cognitive*. The *regulative* institutions include governance *rules* and *regulations* – for example, policies, laws, standard operating procedures, constitutions, property rights, and so on – backed up by *monitoring and sanctioning* processes such as *rewards* for compliance or *penalties* for defiance.

The *normative* pillar includes shared *values* and *norms*. Normative systems define goals and objectives (values) – for example, making a profit or winning a game – as well as specify the appropriate ways to achieve them (norms) – for example, being honest in making the profit or winning the game. They give rights as well as responsibilities, privileges as well as duties, and license as well as mandates. While the compliance with regulative institutions involves coercion, the compliance with normative institutions involves self-evaluations, social obligations, binding expectations, morality, and so on (Scott, 2008).

The *cultural-cognitive* institutions include, for example, *shared beliefs, identities, logics of action, and mental models*. These symbolic elements are cultural in the sense that actors tend to refer to these socially constituted elements or benchmarks in justifying their behavior. They are cognitive because they provide frames for individuals to make meaning of the world around them. Unlike the institutions in the other two pillars, cultural-cognitive institutions are *taken-for-granted* because they are perceived to be true or, in other words, they “make sense” in a particular context (Scott, 2008).

While the above three pillars provide a way of categorizing various types of institutions and their roles, they are not mutually exclusive. Instead, they form a continuum moving from the conscious to the unconscious, from the legally enforced to the taken-for-granted (Hoffmann, 1997). A *rule* can be internalized as a *norm* and taken-for-granted as a *culture*. Although a human system can sustain on a single pillar, Scott (2008) observed that, in most empirical situations, there are often more than one type of pillars in action. When the pillars are in alignment, the strength of the social system becomes formidable, but when they are misaligned, the system suffers from conflicts and confusion. For example, rules and regulations devised by communities themselves based on local norms and knowledge have proven to be useful in designing sustainable Common Pool Resource (CPR) management systems. On the contrary, rules devised or imposed by outsiders on local communities have proven to be ineffective, sometimes leading to violent conflicts because of their misalignment with local norms and culture (Ostrom et al., 1994; Ostrom, 2000; Torre-Castro & Lindstrom, 2010).

Institutional theorists also maintain that human behavior is influenced not just by institutions, but also the relevant physical/material conditions. Hence, the role of institutions is best understood in relation to the physical world (Ostrom et al., 1994; Scott, 2008). In analyzing such influences, institutionalist scholars (Ostrom et al., 1994) refer to the *nature of the goods* (services) around which collective actions are organized. These include *private goods, public goods* and *Common Pool Resources* (CPR). While private goods are individually consumed and can be readily excluded from potential beneficiaries, public goods are jointly consumed and *non-excludable*. Actors, therefore, become de-motivated to participate in the production of public goods. CPRs are non-excludable and also, *subtractable*, that is, a person’s use of a CPR subtracts its availability to the other users. Due to these two features, users of CPRs face incentives to overharvest the resources (before others could exhaust them), but defect from taking responsibilities for their maintenance (known as “CPR dilemma” or “tragedy of the commons”). The production and maintenance of public goods and CPRs, therefore, require the presence of effective institutions.

### Research Methods

We used a case study approach in this research because of our intention to investigate a contemporary and real world issue (donor-supported extension reform) over which we had no

control. This approach was also found to be suitable for investigating in-depth a complex system such as an extension service delivery arrangement.

The Farmer-Led Extension (FLE) model implemented in Bangladesh through a donor-supported reform project was chosen as the case for this study. In the post-project evaluation (Gill et al., 2003), the model was reported to be unsustainable in Bangladesh. The FLE was a complex service delivery arrangement involving a Government Organization (GO), two NGOs, and groups of farmers called FLE groups (details provided in the next section). Therefore, we considered the interactions between these entities as the sub-systems of the FLE model and took them as our “embedded units” of analysis (Yin, 2003). Although two NGOs were involved in FLE, only one of them was analyzed as the other was inaccessible.

Data for this study were collected from November 2004 through to May 2005 using four different methods. First, a total of 42 semi-structured interviews, each lasting for one to two hours, were held with the key informants from the GO, the NGO, and the FLE groups. The informants were purposively sampled from different hierarchical levels of their organizations (e.g. top, mid, and field levels; FLE group leaders, ordinary members, etc.) and included those who were knowledgeable about FLE. Second, seven focus-group discussions (FGDs), each attended by 5-6 FLE group members, were held. The number of interviews and FGDs conducted was influenced by the availability of the participants and their willingness to take part in the study (Glaser & Strauss, 1967; Patton, 2002; Yin, 2003). All interviews and FGDs were audio-taped. Third, the day-to-day activities of the GO, the NGO and the FLE communities were observed and, simultaneously, informal conversations were held with various people in order to understand the history and culture of the organizations and the communities. These were recorded as field notes. Finally, the planning, implementation, and monitoring and evaluation documents of the FLE project were used as secondary data.

The data were analyzed as per the guidelines in the qualitative research methods literature (Dey, 1993; Glaser & Strauss, 1967; Yin, 2003). Initially, a couple of data-rich transcripts were selected for analysis. Using the NVivo software, the data were then coded into concepts or themes. Following coding, similar concepts were grouped under the categories of *nature of goods* (services), *regulative*, *normative* and *cultural-cognitive* institutional elements as outlined in the analytical framework (see section three). The relationships of these factors with the sustainability of FLE practices were established through link words or conjunctions in the transcript data – such as *because*, *therefore*, *as a result*, *and then*, and so on – and also based on *logic* (Dey, 1993). The results thus obtained were then used as a guide for analyzing the remainder of the data. Several iterations of the entire process were carried out before a final decision about the results was made. Lastly, the results were compared with the literature and, accordingly, generalization of the results was sought (Yin, 2003).

### **Case Description: The Farmer-Led Extension (FLE) Model**

Donor-supported extension reforms began in Bangladesh as early as the seventies through the introduction of the Training and Visit (T&V) model under two Extension and Research Projects (ERPs). Following the completion of the ERPs in the nineties, the T&V system lost support from its patrons for several reasons (Chowdhury & Gilbert, 1996; Hassanullah, 2004). First, the model was regarded as financially unsustainable in Bangladesh because of its country-wide scale and the associated costs of funding face-to-face extension contacts through some 12,000 fieldworkers. Second, the centralized planning and top-down dissemination of extension messages were argued to be ill-adapted to local conditions. Third, the T&V approach was considered to have failed to reach a vast majority of the clientele, especially the small and marginal farmers and the landless. Fourth, the emergence of a large number of

NGOs and private agencies weakened the rationale for funding a large scale public extension service such as the T&V.

Against the above backdrop, international donors again provided support from 1992 through to 2003 in reforming the T&V system through two consecutive projects – the Agricultural Support Services Project (ASSP) and the Agricultural Services Innovation and Reform Project (ASIRP). The FLE model originated during the ASIRP period and was funded by the UK Department for International Development (DFID) (Gill et al., 2003). In designing the FLE model, attempts were made to address some of the key criticisms of the T&V model. First, unlike the supply-driven T&V, the FLE wanted to make extension services bottom-up and “demand-led”, the ideas that have championed contemporary donor-supported extension reforms around the world (Parkinson, 2009; Rivera & Alex, 2004c). This was intended to be achieved by developing farmers’ capacity as groups to develop village-specific extension plans and then proactively contact the local Extension Support Providers (ESPs) for obtaining the services they needed (Figure 1). This contact was expected to be initiated and maintained by farmer extensionists called “Farmer Promoters” developed through the project.

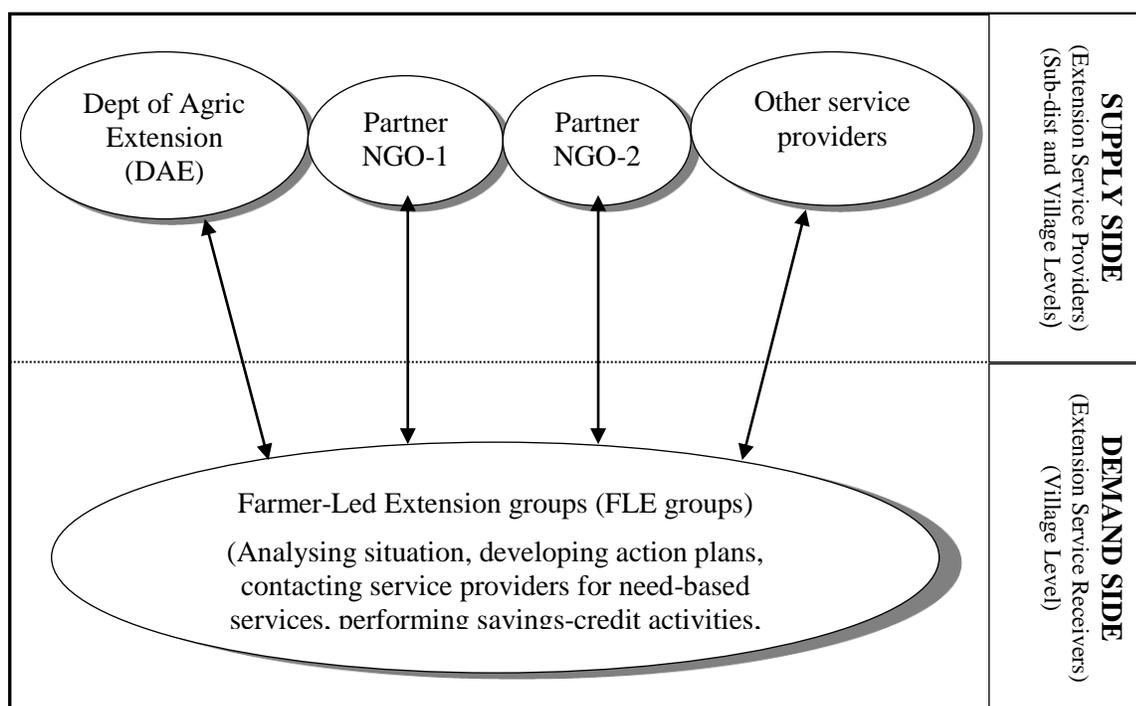


Figure 1. A simplified diagram of the Farmer-Led Extension (FLE) model.

To these ends, a total of 72 farmer groups, coming from over 1000 farm families, were organized (ASSP & ASIRP, 2003a, 2003b). Each group consisted of 15-25 members and had a five-member leadership committee comprising a President, a Secretary, a Cashier, and two Farmer Promoters. Of the 72 groups, 36 were male groups and the other 36 female. Most of the members were resource-poor, coming from landless (owns up to 0.49 acres of land), marginal (0.50 to 1.49 acres), and small (1.50 to 2.29 acres) farm households (classification is based on Bangladesh Bureau of Statistics [BBS], 1996). More than 50% of these members had no formal education and between 30 to 40% had only a couple of years of schooling. However, the Farmer Promoters and the group leaders were well-off and many of them had higher levels of formal education, ranging from grade five to twelve.

Second, in contrast to the T&V model that provisioned agricultural extension only (Chowdhury & Gilbert, 1996), the FLE model combined extension with group-based microcredit (Agricultural Services Innovation and Reform Project [ASIRP], 2002, 2003). Accordingly, each FLE group member was expected to make regular savings deposits into a group fund. The plan was that, having deposited a certain amount, the members would rotationally take loans from the fund for undertaking income-generating activities or fulfilling their livelihood needs and then return the loans in installments with interests set by their respective groups (ASIRP, 2002, 2003). In addition to create income for members, this practice was expected to ensure the financial sustainability of the FLE groups. However, because the majority of the group members were resource-poor and the amount they could deposit was quite low, the ASIRP authorities had provided to each FLE group a lump-sum grant called “start-up loan” for the members to kick off their savings-credit activities. About 80% of this money came from DFID sources and the rest from the Government of Bangladesh sources. In general, the leadership committee members were the first to receive this grant. They were expected to utilize this money for their preferred income-generating activities and then return the money to their respective group funds.

Third, while the T&V model was implemented through a government organization, named the Department of Agricultural Extension (DAE), the FLE model involved a partnership between the DAE and two NGOs. The partner NGOs were medium-size organizations by Bangladeshi standard, having coverage in several districts only. Their key program areas included: social empowerment, microfinance, agriculture, community-based health and education, institution building, and advocacy. It was expected that the FLE groups would maintain their contacts not only with the DAE but also with the partner NGOs.

The FLE model was implemented in the North and North-West regions of Bangladesh covering six *Upazillas* (sub-districts). The project began in mid-1999 and continued until November 2003 when the DFID withdrew its support following the completion of the ASIRP. The end-of-project evaluation (Gill et al., 2003) reported that the FLE model was unsustainable beyond the period of donor support. The evaluators wrote that the DAE and the partner NGOs were unlikely to be able to maintain FLE or replicate the model without technical and financial support from another project. They also expressed skepticism about the post-project survival of the FLE groups. The observations of the first author of this paper confirmed the speculations of Gill et al. (2003). During data collection in November 2004, that is, just after one year of the closure of the ASIRP, he found FLE in a state of collapse.

## Results and Discussion

The FLE model’s idea of demand-led extension was based on the expectation that “farmers would request need-based services and the service providers concerned would provide the corresponding services”. We conceptualized this demand-supply interaction in the form of three sets of dyadic relationships (see Figure 1) – between DAE and FLE groups, partner NGOs and FLE groups, and other service providers and FLE groups – and explored using our framework as to why these interactions became unsustainable.

### DAE and FLE Groups

The underlying assumption of demand-led extension in FLE was that the farmers had “demands” for “extension services”. In the case of the “DAE-FLE group” interaction, however, we found this assumption highly problematic. Many interviewees told that most of the FLE farmers did not have interest in DAE’s advisory services. Instead, they were interested in getting tangible goods – such as seeds, fertilizers, pesticides, and money – which the DAE was unable to provide by its policy and mandate. Moreover, as the services were available to the general public free of cost through mass media, demonstrations, fairs, and publications, individual farmers did

not have any incentive to be proactive in obtaining the services. There was also a widespread perception among the farmers that DAE's services were "obsolete" and "irrelevant" to their farming problems. This situation, however, was not new. Even before FLE was initiated, this lack of demand used to de-motivate both farmers and DAE workers to interact with each other. The same happened in FLE.

The Farmer Promoters themselves have no interest. So, I have given up. Even now [post-project, during our data collection], I tell them, "if you want, I can introduce you to the various service providers and request them to give you training," but it is the farmers who are not interested... (DAE Fieldworker-3)

Interviews revealed that the project authorities were aware of farmers' lack of demand for advisory services. This was one of the reasons why they had incorporated group-based microcredit into FLE designs so as to create tangible/monetary benefits for farmers. This strategy, however, did not help resolve the problem. Rather, it gave rise to what is described in the institutionalism literature, Common Pool Resource (CPR) problems, manifested by FLE group members' struggles to obtain more and more loans from their group funds, but being very reluctant to pay back their dues. However, the groups lacked the requisite governance capacity to overcome this CPR dilemma. The operational rules and norms developed by the project consultants were also barely followed. For example, most FLE group members were reluctant to comply with the "rotational system" of loan distribution. Similarly, although most members often dilly-dallied in repaying loans, the leaders were unable (reluctant) to enforce any sanctions on the defaulters and demanded compensation payments for spending their times. In many groups, the leaders were the defaulters themselves that encouraged the other members not to repay their loans. Many of the leaders did not even return the ASIRP "start-up loans" that led to conflicts in the groups. However, there was no formal mechanism in place to monitor and penalize such undesirable behavior of the leaders, most of whom were the local elites.

The causes of many of the above outcomes were rooted into the culture of the communities. Before the FLE project came into being, there had been, for decades, numerous NGO-operated microcredit groups in the communities. Many poor people in those communities (who participated in FLE) had developed a habit of taking repeated loans from various NGO programs. Sometimes, they used to take loans from one NGO to repay their previous loans taken from other NGOs. Being locked into this cycle of loans, many poor villagers had become even poorer. Introduction of microcredit in such a context had created a misleading identity of the FLE groups as many members thought, "FLE would work in the same way as NGO microcredit groups" (Quoted from an FLE group Leader, Focus Group Discussion-2).

Furthermore, the "farmer-led governance" of microcredit in FLE was misaligned with the culture of the communities. For example, many FLE group leaders perceived it inappropriate to force their neighbors to pay back loans because such norms were culturally unacceptable. The leaders also believed that managing FLE microcredit activities would have been easier if there were outside coercion. In saying so, they referred to the tradition of coercion practiced by various NGOs in recovering loans. This coercion was so intense that sometimes the defaulters were even taken to courts.

However, the governance failure in the FLE groups, the irresponsible loan repayment behavior of the members, and the resultant conflicts and chaos had not only diminished the willingness of the farmers to continue with FLE activities, but also de-motivated many DAE workers to interact with the groups. Apart from this, microcredit had reduced DAE's motivation to support the FLE groups in two other ways. First, many DAE actors disliked the over-enthusiasm of farmers towards savings-credit activities at the expense of extension-related

activities. Second, microcredit was misaligned with DAE's value systems and identity since, traditionally, microcredit had been associated with NGO identities in Bangladesh. For example, in response to the question as to why DAE had lost interest in FLE post-project, an officer said:

It is an established norm in our department that if there is something relating to savings-credit of the poor, we believe it is NGO work. It is not possible to accomplish this type of work through government employees. (DAE Mid-Level-Officer-3)

We, therefore, see that the "DAE-FLE group" interactions were strained due to the *intangible* and *public goods* nature of DAE's services and farmers' unfavorable attitudes towards the value of these services. These problems of extension services and their roles in weakening the motivation of stakeholders to invest in extension systems have been well-documented, both in Bangladesh (Chowdhury & Gilbert, 1996) and globally (Anderson & Feder, 2004; Gustafson, 1994; Parkinson, 2009). Therefore, if the "DAE-FLE group" interactions were to be sustainable under such a context, it would have required substantial institutional changes in: (a) DAE's policies and mandates, for example, by combining advisory services with material inputs, and/or (b) the values and belief systems of farmers regarding extension information/advice through education and awareness raising campaigns. However, we did not find any example that the ASIRP authorities had taken any such attempts. Instead, they had resorted to the introduction of microcredit that further aggravated the situation because of the governance weaknesses within the FLE groups, the prevalence of adverse cultural factors within the communities, and the misalignment of microcredit with DAE's value systems and identity. These findings not only support Scott's (2008) propositions (section three), but also correspond with those from studies of Common Pool Resource (CPR) management systems (Ostrom et al., 1994; Ostrom, 2000; Torre-Castro & Lindstrom, 2010). No such examples, however, was found in the extension literature. While the inclusion of income-generating activities is recommended to enhance the sustainability of farmer-led extension approaches (Friis-Hansen, Maganga, & Sokoni, 2004), the need for effective governance mechanisms is barely recognized.

### **Partner NGO and FLE Groups**

The practice of demand-led extension between the partner NGO and the FLE groups was slightly different from that of the DAE and the FLE groups. During the project period, the partner NGO, in collaboration with the DAE, supported some income-generating activities – such as poultry birds rearing, beef fattening, goat rearing, hybrid rice cultivation, and banana cultivation – undertaken by the FLE group members. The ASIRP had funded these income-generating activities in the form of start-up loans to the FLE groups (see section five). During the post-project period, in the absence of DFID funding support, the partner NGO was expected to utilize its own resources and provide as loans the necessary inputs (e.g. seeds, fertilizer, cash, etc.) and services for the FLE group members to undertake income-generating activities. In return, the partner NGO would take 40% of the profits along with a return of the input costs. The rest of the profits would go to the FLE group members concerned. In this way, the practice of demand-led extension between the partner NGO and the FLE groups was intended to be sustainable.

The "partner NGO-FLE group" relationship, unlike that of the "DAE-FLE group", was characterized by a number of positive features: (a) there was a demand for the partner NGO's goods (services) among the FLE farmers as they were tangible and monetary in nature, (b) both parties had economic (private) incentives for interacting with each other, (c) the partner NGO had a highly decentralized policy that was conducive for its fieldworkers to support income-

generating activities as per local needs, and (d) the partner NGO had the mandate and mission of empowering the rural poor through microcredit. Despite all these, however, the income-generating partnership activities became unsustainable because of several other institutional factors.

While the partner NGO valued farmer empowerment by mission and mandate, it had also adopted financial sustainability of its programs as an important goal that was revealed during conversation with one of its Directors. To this end, the management of the partner NGO had put in place a strict regulation regarding loan recovery and profit generation from income-generating activities to the extent that they held the fieldworkers concerned accountable for any financial loss incurred. This regulation had unintended negative consequences on the fieldworkers' willingness to engage in income-generating partnership activities with the FLE group members.

If I tell the management now that ...I want to do something with the FLE groups...they will approve that instantly ...but the entire liability is mine... In FLE, we were told [by management] that after forming the groups, you should undertake seed production project, this and that. This is okay but there is another condition – you have to recover the money. Otherwise, it will be taken off from your salary. Now, this is the risk for which I do not want to undertake any income-generating activity with the FLE groups in my Upazilla. (Mid Level Manager-3, Partner NGO)

In FLE, the fieldworkers suffered from a lack of security also because of a lack of trust and confidence on the FLE farmers that were reinforced due to their (farmers') irresponsible loan repayment behavior during the project period (discussed in the previous section). For example, while explaining the reasons for his unwillingness to engage in income-generating partnership activities with FLE groups, the above interviewee also said:

There are 12 FLE groups in this Upazilla (sub-district). I could do business with them but I will not do that. It is not easy to recover money from these 12 groups. The farmers did not even return ASIRP money. Will I be able to recover my [organization's] money? (Mid Level Manager-3, Partner NGO)

Traditionally, the partner NGO used to minimize such risks by taking villagers' group savings as collateral for providing loans. This was not possible in FLE as the group funds were controlled by the farmers. According to the NGO Director interviewed, taking collateral was a norm in the entire NGO sector of Bangladesh and, hence, doing income-generating partnership with the FLE groups without collateral would have been unacceptable to other NGOs as well.

As a consequence, most of the fieldworkers either withdrew themselves from the income-generating partnership activities (despite farmers' requests for such partnerships) or kept their partnership activities limited to a few well-off FLE farmers who they had worked with in the pre-FLE period. Such selective partnerships, however, created discontent among most of the FLE group members that led to a breakdown of the "partner NGO-FLE group" relationship.

The above results suggest that, even though the generic incentive problems of extension goods (services) were largely absent, a lack of trust between the FLE groups and the partner NGO, a misalignment between the value of *empowerment* and the value of *profit-making* within the partner NGO, and an incompatibility between FLE microcredit design features and the regulative, normative and cultural factors within the partner NGO led to a breakdown of the "partner NGO-FLE group" relationships. If the "partner NGO-FLE group" interactions were to be sustainable in the longer run, one would expect either a change in the partner NGO's profit-making values (and associated regulations) or a change in the relevant design features of FLE

microcredit so as to make them acceptable to the partner NGO, both of which were lacking. These results reinforce those obtained from the analysis of the “DAE-FLE group” interactions and contradict with the idea that changing the nature of extension goods (services) alone through privatization (Neighbor & Sellen, 2004) and cost-sharing (Saviroff & Lindarte, 2004) will promote the sustainability of an extension service delivery arrangement.

### **Other Service Providers and FLE Groups**

The FLE groups were expected to contact not only the DAE and the partner NGOs but also the other service providers as and when they needed (Figure 1). While the farmers did not have demands for DAE’s services, they tried to obtain services from some other government organizations, for example, livestock vaccination from the Department of Livestock Services (DLS), seeds from Bangladesh Agricultural Development Corporation (BADC), and financial loans from some local public sector Banks. However, many examples were found that the requests of the FLE groups for these goods and services were turned down. Yet in some other instances, the service providers concerned made repeated promises but ultimately did not provide the requested services. The FLE farmers considered such behavior as “harassment” and “waste of their time” and because of such bitter experiences during the project period, many of them lost interest in FLE.

Two major institutional factors were identified that led to such outcomes. First, because of poor norms of inter-organizational cooperation, these service providers were reluctant to support the farmers involved in another organization’s (DAE/partner NGO) project. Second, there was a culture of taking bribes and rents, which the FLE farmers were unable (unwilling) to provide. This grim situation is well-reflected in the following statements of a Farmer Promoter:

There was 2-day training [during FLE implementation].....The Sir’s [project trainers] told us “if you face any problem, you could contact the various extension departments ...and you would get the assistance you need”. We went to the BADC and introduced ourselves by saying “we are the Farmer Promoters of FLE groups of the government, we need seeds”. They told us “there is no seed”. When we repeatedly went to them and insisted, they asked “What seed do you want?” We told “we need BR 29 [name of a Bangladeshi high-yielding rice variety]”. Then they replied “we don’t have BR 29, we have BR 28”. We told, “OK, give us 28 then”. Then they told “You are late, BR 28 is finished, and we have Jagoron 1”... [But] we know they distributed seeds through the back door. ...This is how they used to harass us. ... if we don’t get any benefit by participating in a group, then what is the meaning of doing all these? (Farmer Promoter-2)

Although the above problems were widespread even before FLE was implemented, we did not find any example that the ASIRP authorities had taken any initiative to learn about and address this deficiency. However, they had organized a series of meetings with the Heads of these service providers, invited them to participate in FLE training activities and, in these ways, tried to persuade them to provide demand-based services to the FLE groups. Despite this, as we have seen, the situation did not improve. In this case as well, therefore, we find a misalignment between the normative expectations of “demand-led extension” in FLE and the perverse norms and culture of government service providers. Such problems, however, are not unique to FLE or Bangladesh, but are generic in the public sector extension systems of developing countries (Feder et al., 1999).

### Conclusions and Implications

The Bangladeshi case study confirms the usefulness of the theoretical perspectives of institutionalism in explaining the unsustainability of donor-supported extension reforms. It does this in several ways. First, it points to the motivational problems associated with extension *goods (services)* that are *intangible* and *public goods* in nature. This calls for a need to combine extension information and advice with provisions of material and financial goods and privatize extension services. At the same time, however, this study indicates that having the provision of financial or material goods is not the panacea, as observed in the case of FLE microcredit, and the interactions between the FLE farmers and some government agencies providing seeds, vaccines, and financial loans to farmers. Similarly, a private and cost-sharing model can also be unsustainable as was the arrangement between the FLE groups and the partner NGO. However, the unsustainability of all the three embedded cases within the FLE model shared a common reason – a lack of corresponding institutional frameworks, which were either missing or weak or perverse. As reported in the global literature, some of these institutional shortcomings, such as the culture of rent-seeking, are *generic* in developing countries. Therefore, in order to achieve sustainability, extension reform initiatives should promote institutional developments alongside attempt to make extension goods (services) more tangible and reduce operational costs. This may include such measures as commissioning in-depth studies to learn about local institutions, crafting new institutions if and where they are missing, and/or reforming the weak and perverse institutions prevailing within the public extension systems of developing countries.

Second, the case study confirms the importance of all the three pillars of institutions. As we have seen, some of the institutional problems in FLE were *regulative* in nature (e.g. the governance weaknesses within the FLE groups), some were *normative* (e.g. the value systems of the partner NGO), and some others were *cultural-cognitive* (e.g. farmers' or DAE's beliefs towards NGO-led microcredit). In order to be sustainable, an extension reform should address all these three pillars. A mere change in operational policies and rules (regulative pillar), which is a common practice, is likely to be ineffective unless there are corresponding changes in the normative and cultural frameworks. The *three pillars* concept also showed how a misalignment between the pillars (e.g. between community cultures and the consultant-devised microcredit rules and norms) made a reform unsustainable. The study further revealed that conflicting or misaligned institutions may exist even within a single organization as were the *value of empowerment* and the *value of profit-making* within the partner NGO. Therefore, extension reform managers should undertake in-depth studies, learn about these mismatches, and try to align the various categories of institutions as far as possible. This can be better achieved if a reform is designed by the local actors themselves, rather than by external consultants, as reported in the Common Pool Resource (CPR) management literature.

Third, the case study shows the need for taking a systemic approach in extension reform and crafting and/or reforming institutions both on the *demand* and the *supply* sides, not the one or the other, and bringing on board as many organizations as possible who are parts of the system. Merely organizing some farmer groups (demand-side capacity building), while failing to make corresponding changes within the extension agencies (supply side capacity building) did not make FLE sustainable. Similarly, involving the DAE and two NGOs only, while ignoring the other service providers on the supply side, was not beneficial for FLE.

Finally, our study calls for adopting a long-term *program approach* as opposed to a short-term *project approach* for sustainable extension reforms. This is because of two main reasons. First, institutional changes, in particular, normative and cultural changes, take a long time. Second, since projects tend to have a short timeframe, usually between 3-5 years, everybody feels pressurized to demonstrate quick results at the expense of institutional learning and change at the systemic level.

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