

Should advisory services be separated from the sale of inputs? Viewpoints

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IN 2019, France is preparing to enact a statute to separate the sale of phytosanitary products from agricultural advisory services. The measure aims to make advisory services less dependent on sales objectives and raises the question of longevity with respect to cooperative business models. This article takes a closer look at the situation.

An effective way to transition to agroecology

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FRANCE IS THE NUMBER-ONE USER of pesticides in Europe. But the measures decided under the first “Ecophyto Plan” in 2008 failed: Instead of cutting its pesticide consumption by half, France increased its consumption of pesticides by more than 12% between 2008 and 2018.

Intensive lobbying by firms and value chains. Lobbying by phytosanitary firms and the most intensive agricultural value chains managed by economic entities such as cooperatives and businesses played a big role in that trend. Those entities provide advisory services and sell pesticides. Their 8,000 technical/commercial agents therefore have a strong influence on the choices of French farmers.

The French government is aware of this problem and wants to require companies distributing pesticides to separate advisory services from sales. In other words, the government wants them to create two separate entities where no shareholder holds more than 10% of the capital of both entities. To support the transition to agroecology, the statute distinguishes between strategic advisory services (which should be performed on every French farm twice every five years by advisors who have no connection with sales) and specific advisory services (performed annually) concerning the actual use of specific products.

Necessary assistance for strategic advisors and farmers. Strategic advisory services may utilise several holistic methods to perform diagnostic assessments of farms, designed by agricultural research institutes since the implementation of “land management contracts” in 1999. Examples include the “farm sustainability indicators method” and the “farm diagnostic method” of the Federation of Associations for the Development of Agricultural and Rural Employment (*Fédération des Associations de Développement de l'Emploi Agricole et Rural*). “Strategic” advisors should be trained in the use of one of those methods. The cost of the diagnostic assessments should also be partially covered by the State, at least for farms that do not have an agribusiness component.

Capacity-building in agroecology should be provided to peasant farmers by advisors who do not have ties with sales entities, such as advisors at chambers of agriculture or centres promoting initiatives in support of agriculture and rural areas (*Centres d'initiatives pour valoriser l'agriculture et le milieu rural*), or by groups of organic farmers. There are many alternatives to using pesticides: diversifying and extending rotations, mixing varieties, mechanical weeding, physical protection, introducing crop auxiliaries, “natural preparations of little concern” (*préparations naturelles peu préoccupantes*), etc. There are relatively few technical hurdles, but the alternatives are often more expensive for peasant farmers because they require investments, labour and biological control products, which are more expensive. Targeted government support is therefore necessary.

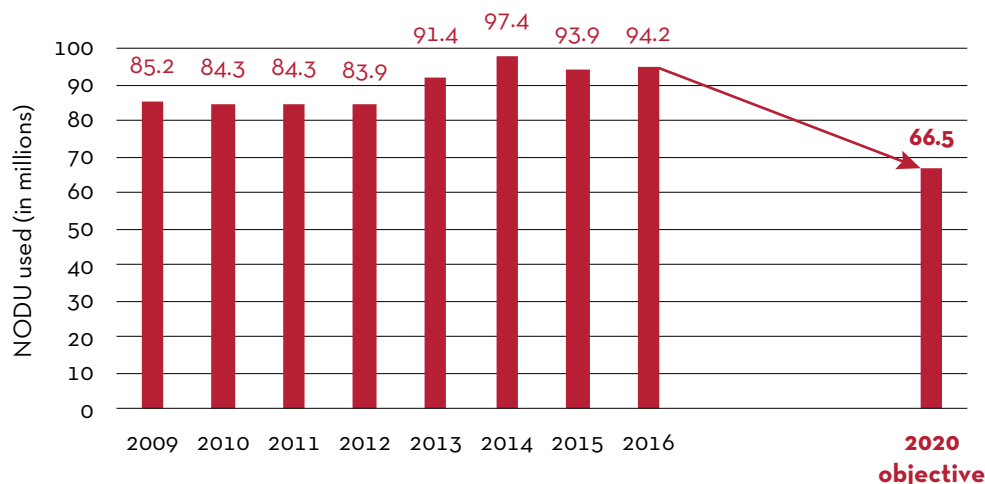
Two conditions for success. Two points, however, must be clarified with respect to the scheme separating pesticide sales from advisory services. The reform will need to be gradual, as some French regions do not have enough advisors with the skills needed to provide strategic advisory services, despite the fact that several higher training institutions have created high-quality master's programmes in agroecology in recent years.

Also, in its October 2018 report, the General Council for the Environment and Sustainable Development (*Conseil Général de l'Environnement et du Développement Durable*, or “CGEDD”, an advisory entity under the authority of the French Ministry of Ecological and Solidarity Transition) warned that this reform could increase online pesticide sales and “lead to selling without advisory services, at least for certain farmers.” The CGEDD believes that one suitable safeguard to prevent that from happening would be to require a prescription for the purchase of pesticides through an independent advisor. The risk highlighted by the CGEDD is real. To mitigate that risk, strategic and specific advisory services should be provided by the same person, and farmers should be required to have a formal prescription in order to purchase pesticides online.

Changes in pesticide use in France (2009-2016)

The number of unit doses (nombre de doses unités, or “NODU”) is the official indicator for monitoring the use of plant protection products. Since products are becoming more and more concentrated, it is a better indicator than “tonnes of pesticides consumed”.

Source: Ministry of Sustainable Development, 2019 Budget Bill.



Reinvigorating global advisory services

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► This interview was prepared with Émilie Duclos, who is in charge of communications at Scara.

GRAIN DE SEL (GDS): Can you tell us about the legislation? Why was this measure taken?

ALAIN HERBINET (AH): In France, the desire to control the use of phytosanitary products goes back to the 2008 Grenelle de l’Environnement debate. Since then, two “Ecophyto” plans dedicated to achieving that objective have been implemented without success, because they demanded results without any suitable plans for how to actually bring about those changes.

In 2017, the *États Généraux de l’Alimentation* convention led to a bill on the separation of sales activities from advisory services for phytosanitary products. That bill brought about real change. The law first states that distributors of phytosanitary products are no longer allowed to sell products and directly advise farmers at the same time. Moreover, farmers not committed to environmental sustainability must purchase strategic advisory services from organisations that do not engage in sales activities. The terms of the advisory services —content, cost, how much of the cost will be subsidised— will be defined in a decree.

The legislation does not really address a need with respect to our cooperative, as phytosanitary products are used as a last resort. The agricultural profession has trouble understanding this suspicion surrounding advisors and their supposed tendency to get the people they advise to consume products.

GDS: What advisory services do your members need? How does Scara combine agricultural advisory services and the sale of phytosanitary products?

AH: Our advisory services in the cereals value chain aim to satisfy market demand, or in other words demand from processors (millers, brewers) who themselves satisfy the needs of consumers. Within Scara, there is no separation between sales activities and advisory services. Our sector managers simultaneously perform the functions of agricultural technicians who carry out diagnostic assessments, advisors who recommend solutions, and experimenters who participate in tests. They provide a wide range of technical advisory services: agricultural, phytosanitary, etc.

GDS: What consequences does the legislation have on your business model?

AH: Merchants and cooperatives will have to decide whether they will continue to offer prescriptive ad-

visory services on the use of phytosanitary products or shift their focus to the distribution of those products. That decision will be made in accordance with customers’ expectations.

But the vision of the business model for cooperatives is often distorted. Scara generates annual revenue of €70 million, roughly €20 million of which is through the sale of inputs. Of that €20 million, €7 million (or 10%) is generated through the sale of phytosanitary products. Yes, the sales activity generates a profit, but that profit is not essential to Scara’s survival! We could stop providing prescriptive advisory services and continue to offer global value-chain advisory services. The legislation will consider covering costs for beneficiaries that, until now, were associated with the sale of inputs (logistics, technical advisory services, testing).

GDS: Could the legislation present an opportunity?

AH: Yes, it may be an opportunity both for our cooperative and for farmers. The legislation makes advisory services more transparent and helps reinvigorate global advisory services. Moreover, we must achieve the Ecophyto objective collectively. But doing so raises questions regarding what resources to use and the purpose of the farmer’s profession and practices. It will be a source of agricultural and technological innovation, and will encourage the development of precision agriculture based on decision-making tools and robotics.

GDS: In West Africa, how are debates on the separation of sales activities and advisory services playing out?

AH: In our cowpea project with FERT in Burkina Faso, it is difficult to get people to pay for intangible advisory services for farmers. Here and elsewhere, advisory services are linked with sales activities. There now needs to be greater transparency regarding the cost of sales and the cost of advisory services. What is the most strategic activity for farmers? I believe that in complex pedoclimatic environments, the priority is to offer advisory services that are sustainable and that take into account agricultural, technical, and genetic solutions. ■