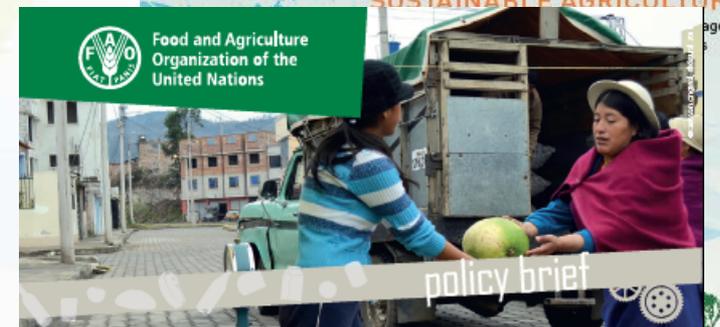


# What are 'Institutional Innovations' ?

- New rules & forms of interaction between actors. They helped bring together food systems actors that had not traditionally worked together, and to redefine sustainable practices at local level
- Hargrave TJ and Van De Ven AH. (2006) A Collective Action Model of Institutional Innovation. *Academy of Management Review* 31: 864–888.
- Hekkert MP, Suurs RAA, Negro SO, et al. (2007) Functions of innovation systems: A new approach for analysing technological change. *Technological Forecasting & Social Change* 74: 413–432.



## How do markets encourage the adoption of sustainable practices? The role of institutional innovations in developing countries

### Introduction

Incentives and enabling measures encourage farmers to adopt sustainable agricultural practices. They include improving farmers' education and technical training, implementing strategies for reducing the costs of inputs, enacting organic farming legislation that protects product integrity, and providing financial incentives for adoption of sustainable practices. Market demand for sustainable products can also constitute a significant incentive. Improving access to such markets can provide revenue to farmers who then invest in the sustainability of their production systems, improving food security for consumers in their communities. However, increased revenues are not the only market incentive; revising the rules of the market and expanding access to markets are also powerful incentives. In this brief, FAO presents lessons learned from experiences in 15 developing countries where developments in markets have enabled farmers to transition to sustainable practices. The brief provides recommendations on what these innovative systems need to grow and prosper.

### Results

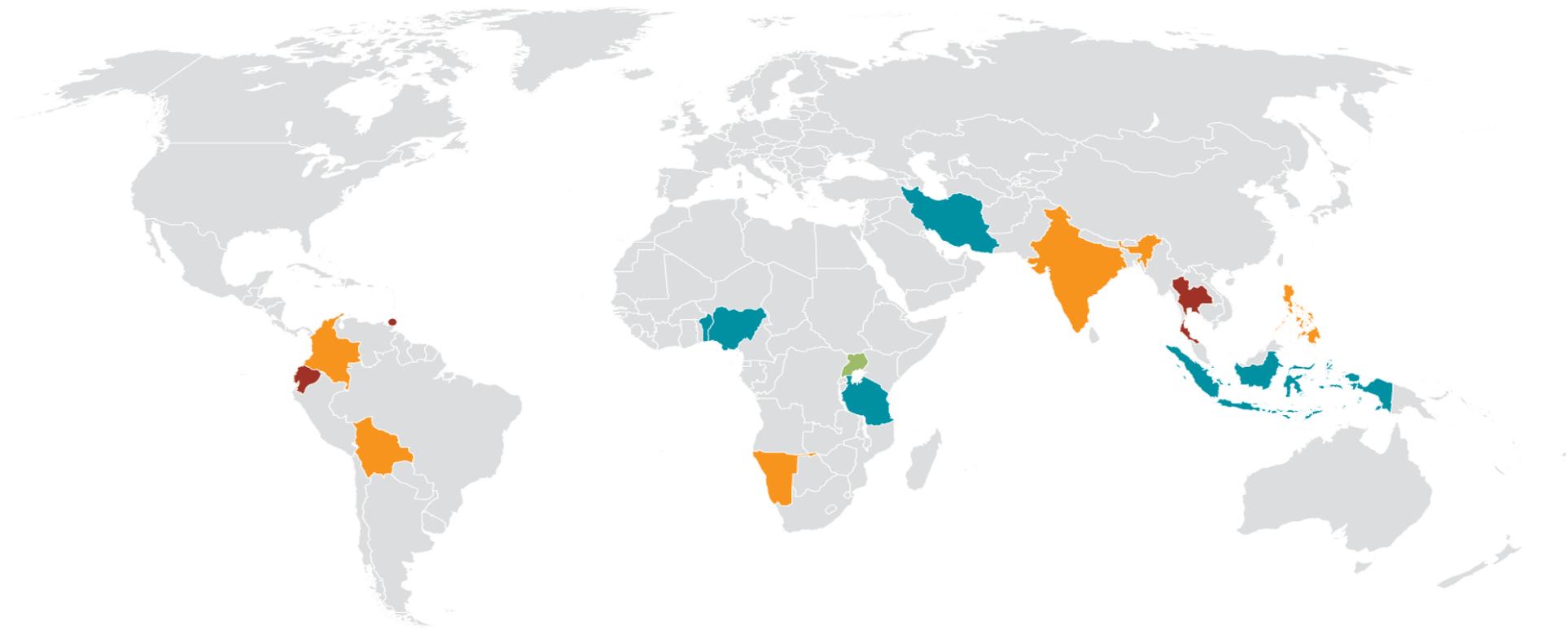
In 2013–2014 FAO undertook a survey of innovative approaches that enable markets to provide incentives for the adoption of sustainable practices in developing

### Key messages

- A wide range of actors in developing countries are inventing new forms of interaction and organization (called institutional innovations) to supply local markets with sustainable agricultural products.
- Participatory guarantee systems, multi-actor innovation platforms and community-supported agriculture are exciting institutional innovations that deserve attention.
- Social and institutional innovations are as essential as technological innovations in transitions to sustainable food systems, and they require policy support.
- Even when innovations are led by private actors, partnerships with public actors and civil society have an important role in creating linkages between farmers and markets.
- Autonomy, reciprocity and recognition of the diverse types of knowledge that are fostered through institutional innovations all create incentives for the adoption of sustainable practices.

INSTITUTIONAL INNOVATIONS ARE NEW RULES AND FORMS OF INTERACTION. THEY HELP REDEFINE SUSTAINABLE PRACTICES FOR THE LOCAL LEVEL AND BRING TOGETHER FOOD SYSTEMS ACTORS THAT HAVE NOT TRADITIONALLY WORKED TOGETHER.

Figure 1: Location and typology



Multi-actor innovation platforms (IPs)		Participatory guarantee systems (PGS)		Community-supported agriculture (CSA)	
Benin	The Songhai Model of integrated production	Bolivia (Plurinational State of)	Ecological fairs in La Paz, Cochabamba and Tarija	Ecuador	Reinforcing Local Systems of Healthy Food of Sierra Centro
Indonesia	<i>Partisipasi Inovasi Petani</i> (PIP) project: A participatory model for promoting farmer-driven innovation	Colombia	<i>Familia de la Tierra</i> PGS	Thailand	Moral Rice Programme, Dharma Garden Temple
Islamic Republic of Iran	Using Farmer Field Schools on Integrated Pest Management to support sustainable production and marketing	India	PGS and Smallholder Markets: Idea of Trust and Short Market Chains	Trinidad and Tobago	The Brasso Seco Paria Community Make Agrotourism their Business
Nigeria	Impact Assessment of Community-Based Farming Schemes in Enhancing Sustainable Agriculture	Namibia	The Namibian Organic Associations' Participatory Guarantee System		
Uganda	Role of Cooperatives in Linking Sustainable Agricultural Practices with Markets (KACE)	Philippines	The Innovative Institutional Approach: Quezon Participatory Guarantee System		
United Republic of Tanzania	Sustainable Agricultural Practices by Smallholder Tea Farmers	Uganda	Facilitating Social Networks through FreshVeggies PGS		

# Learning how to operationalize sustainable food systems and inspire innovation: A guide for food system drivers

BY ENTRY POINT AND WHERE TO NEXT

## Table of Contents

