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GOVERNANCE AND POLICY SUPPORT  
FRAMEWORK PAPER

# Focus on governance

for more effective policy  
and technical support





# **Focus on governance** for more effective policy and technical support

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## Foreword

The concept of governance is not easy to grasp. This is because the term is used in different ways by the scientific and professional communities, reflecting their diverse disciplinary interests, objectives and methods. In political science, for example, governance typically describes the formal rules, institutions and processes through which governments and non-state actors interact to arrive at political decisions, while in the field of institutional economics, governance analysis focuses on the economic incentives and disincentives of individuals and firms to act in support of public goals, such as the reduction of greenhouse gas emissions. Not surprisingly, these diverse research perspectives lead to somewhat different understandings of the general idea of governance. This is the case within FAO itself and with our many partners. It does not simplify matters that many different concepts of governance are relevant for strengthening the effectiveness and improving the impact of FAO's policy and technical work at all levels.

Despite these conceptual difficulties, improving the quality of FAO's role and work in governance is a matter of considerable concern to the Organization and its Members. Strengthening the Organization's capacities in assessing and making recommendations for improving governance is important because FAO is itself a keystone institution in the architecture of global governance for food and agriculture. FAO Members invest extraordinary effort in the oversight, adaptation and improvement of FAO's capacities, efficiencies and effectiveness as a principal provider of norms and standards, data and analysis, and competent and neutral policy and technical support.

Inarguably the leading global institution in its areas of mandate, FAO does not act alone, but rather provides essential public goods that are used by a wide array of global institutions. These range from the Committee on World Food Security (CFS), the Convention on Biodiversity (CBD), International Atomic Energy Association (IAEA), the International Fund for Agricultural Development (IFAD), and the UN Framework Convention on Climate Change (UNFCCC) to the World Bank (WB), the World Food Programme (WFP), the World Health Organization (WHO) and the World Trade Organization (WTO). As such, the Organization faces constant pressure to adapt and change, both from Members and from stakeholders and citizens who recognize its extensive influence.

FAO's capacities to define norms and standards, shape policy debate, and support collective action is not limited to the global and regional domains, but extends to the broad range of complex, interrelated issues associated with agrifood systems transformation at national and subnational levels. Bringing FAO's competencies, norms, standards, data and analysis and making them available to members at the field is also a long-standing, and endlessly challenging concern to FAO Members. Yet finding the pathways from precept to practice is an unavoidable task because the case for global institutions demands that we ultimately demonstrate impact at the national, territorial and local levels.

The 2030 Agenda for Sustainable Development and the SDGs have raised a variety of complex governance-related challenges with particular urgency. The 'horizontal' orientation of the 2030 Agenda focuses attention on the interactions and interdependencies among diverse objectives and highlights the need for improved cross-sectoral coordination across ministries and disciplines, and among a wide variety of social actors. It also calls for more effective management of trade-offs among objectives – all within a demanding normative commitment to leave no one behind. The objectives of the 2030 Agenda are themselves complex. Promoting 'sustainable use,' rather than merely the conservation of natural resources, for example, requires better integration of planning processes, careful attention to the incentives driving different actors, and more sophisticated modes of collecting, combining and evaluating data. Similarly, ending, rather than reducing, extreme poverty, hunger and malnutrition calls for an approach that combines non-agricultural means – social protection – and engages new actors – consumers – while coping with requirements to promote environmental sustainability and climate resilience.

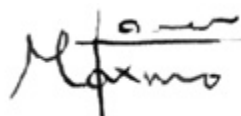
FAO's new Strategic Framework 2022–2031, adopted at FAO Conference in June 2021, recognizes that transformation of agrifood systems requires, as a precondition and a priority trigger, much stronger, more transparent, efficient, effective, inclusive and accountable institutions of governance (C 2021/7, para. 30). The current food systems governance environment is too often characterized by lack of transparency, uncertainty, power and information asymmetries, social exclusion, unequal voice and unequal access to resources. In many cases, conflict and protracted crisis are both cause and consequence of governance failures. The on-going COVID-19 crisis revealed critical weaknesses, inequalities and fragilities in agrifood systems across the world, and added to the urgency of a transformational change that builds resilience and inclusiveness at all levels and for all.



*Focus on governance for more effective policy and technical support* was prepared by the FAO Governance team – in consultation with colleagues from across the Organization – to create a common reference for FAO staff confronted by governance issues in a wide variety of contexts. It outlines a four-phase, iterative framework to help FAO officers and practitioners working all levels apply diverse methods to identify and address key governance issues that impact or influence activities related to FAO’s work in food and agriculture. Rather than being a prescriptive how-to manual, it proposes an interactive and iterative approach that can be used by practitioners to help focus attention on the governance aspect of core challenges, identify key institutional challenges, analyse political economy issues standing behind the institutional issues, and work with FAO Member States and their partners in an objective, transparent and neutral way to formulate collective strategies for institutional and programmatic reform.

The goal is practical and pragmatic: to strengthen the effectiveness and efficiency of FAO policy and technical work at all levels by directing focused attention toward identifying workable solutions to governance issues that act as constraints on effective collective action for sustainable development. These constraints include institutional weaknesses, especially limited organizational capacity and human capital gaps. Under FAO’s new strategic Framework, 2022–2031, all three issues – governance, institutions and human capital – have been identified as priority accelerators for FAO’s strategic framework under the common heading of “Complements”.

This publication marks the achievement of an important milestone in the development of a common understanding of governance at FAO, and it sets the stage for the next phase of work to deepen the Organization’s collective understanding and capacity for working with Members and partners to strengthen governance for sustainable development.



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## Dedication

The first version of this paper was developed by Klaus Urban, Senior Institutions Specialist, Investment Centre. Klaus spent more than 30 years working on governance and political economy issues maintaining always his enthusiasm and belief in values that governance analysis can bring to countries striving for sustainable development. He suddenly passed away in March 2018. The authors wish to dedicate this paper to his memory.

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## Abbreviations and acronyms

<b>CELAC</b>	Community of Latin American and Caribbean States
<b>CFS</b>	Committee on World Food Security
<b>DFID</b>	Department for International Development (UK)
<b>DRR/M</b>	Disaster risk reduction and management
<b>DRRMC</b>	Disaster Risk Reduction and Management Councils
<b>HFLACI</b>	Regional Initiative Hunger Free Latin America and the Caribbean 2025
<b>IFAD</b>	International Fund for Agricultural Development
<b>M &amp; E</b>	Monitoring and evaluation
<b>PO</b>	Producer organization
<b>SDGs</b>	Sustainable Development Goals
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change



# Executive summary

The purpose of this paper is to propose a framework to identify, analyse and address governance issues related to the sustainable development of food and agriculture or to transform agrifood systems. The ultimate objective is to enable Members and their partners to develop, implement and sustain more complete and effective solutions to achieve the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

There are eight years left to reach the SDGs. In the best of circumstances, agrifood systems transformation can be a powerful mechanism to lift people out of poverty, end hunger and malnutrition, preserve natural resources and ecosystems, and mitigate and adapt to climate change. Sustainable development of agrifood systems has played this role in the past; today, through remarkable advances in science and policy, our agrifood systems produce more than enough food to feed every woman, man and child on earth.

Unfortunately, mounting evidence suggests that far from advancing inclusive and sustainable economic, social and environmental development, agrifood systems have become a part of the problem. Hunger and malnutrition have increased, poverty reduction has plateaued, inequality has risen – all are trends linked to breakdowns in agrifood systems. Unsustainable development of agrifood systems is also a key factor in large-scale biodiversity loss, the degradation and depletion of soil, land and water resources and the increase in global greenhouse gas emissions. The COVID-19 pandemic accelerated many of these trends. Yet most started before the health crisis and, in the absence of additional large-scale collective action, will not abate when it passes.

FAO's new Strategic Framework 2022–2031<sup>1</sup>, focuses the Organization's work around the Sustainable Development Goals, directing its work on *“transformation” to MORE efficient, inclusive, resilient and sustainable agrifood systems for better production, better nutrition, a better environment, and a better life – leaving no one behind.*

<sup>1</sup> <https://www.fao.org/3/cb7099en/cb7099en.pdf>

This desired transformation can only be achieved by strengthening and capitalizing on the knowledge, experience, skills, and capabilities for collective action of a broad range of public and private actors each of whom bring distinctive interests, needs, resources, influence and capacities. “Governance” is the name for this multidimensional capability for effective and inclusive collective action at all levels.



Chapter I begins with a brief review of recent trends in expert thinking about governance for sustainable development. Chapter II highlights FAO’s conceptual contributions to governance in the areas of FAO’s mandate. Chapter III presents the heart of the paper: a four-phase framework for governance analysis. Chapter IV draws on lessons learnt from FAO experience about the payoffs that come from including a focus on governance issues when offering technical, policy and other normative support. Finally, the paper concludes with comments on the way forward.

**Chapter I** highlights an important shift in the approach to governance: rather than aiming at what we think ‘good governance’ should look like, there is a more pressing need to understand in practical terms what the actual situation is and why. Each country has its own unique history and challenges, confronted in a given social, cultural, economic and political contexts, and requires a tailor-made combination of policies and interventions in order to achieve optimal results. This shift translates into an important change in mindset from the view that institutions are an *input* to achieve a desired objective to one where institutions, authorities and capabilities emerge as the *outcome* and architecture of socio-political processes and power relations.



In **Chapter II**, the paper highlights FAO's main contributions to governance thinking and action for food and agriculture. It recalls that while FAO's mission and mandate have not changed since its establishment in 1945, the idea of *how* these governance contributions can best be fulfilled has evolved alongside the changes in our understanding of the challenges the world is facing. Over the past 30 years, FAO has made important normative contributions to governance for food and agriculture. Through a variety of instruments, it has shifted focus from an almost exclusive emphasis on food production and supply to a broader view focused on people, socio economic relations and political systems and institutions within which food and agriculture are embedded. In the most recent decades, appreciation of the need to mitigate and adapt to climate change and to protect biodiversity and life sustaining natural resources have further widened the lens, and finally, recognition of interlinkages and trade-offs among policy objectives have deepened our understanding of the challenges, and opportunities, of agrifood systems transformation.

Achieving a common understanding within FAO and between FAO and its partners on the concept of governance is an essential task. A focus on governance facilitates analysis and helps the Organization support Members' programmes and projects more effectively. It is also essential for enhancing Members' capacities, individually and collectively, to meet the needs and requirements of a world under recurring economic crisis, environmental stress and a climate emergency.

**Chapter III** introduces an operational four-phased framework for analysis and integration of governance analysis and action into formulation and implementation of interventions at country, regional and global levels.

The analysis starts with an *examination of various stakeholder perspectives on the priority problem(s) to be addressed*. Recognizing that every challenge is also an opportunity, this first phase aims to generate enough consensus to enable an open dialogue around key issues in agrifood systems, and apply collective intelligence on how to solve them. Coming to a common understanding of the problem is a fundamental but challenging step in developing an effective, sustainable and inclusive strategy for change. Defining the problem in a neutral way that can bring the actors to the table is an essential, but often also a challenging and unavoidably iterative process.

The second phase examines the *institutional setting*, mapping the problem statements to institutions. It attempts to identify the main drivers/sources of identified problem(s) and their possible solutions in the existing formal and informal rules, structures, and processes. The outcome of this phase should be a loose agreement by key stakeholders on a possible package of actions for institutional reform (e.g. interventions focused on rules, processes and organizations affecting *inter alia* markets, incomes, public information, natural resources) at different governance levels.

A *political economy analysis* takes place during the third phase, with a focus on the different actors and stakeholders and key factors (e.g. power relations, interests and influence) that need to be taken into account when formulating a programme of institutional change and building the coalition that will foster its implementation. Facilitated multistakeholder dialogues around priority problems, identification of needed institutional reform and analysis of the different interests of key stakeholders can help to reveal underlying dynamics and highlight opportunities to foster collaboration and reduce competition and unintended impacts.

Building on the findings of phases one to three, the final phase identifies *strategic actions for transformative change* that are technically and politically feasible in a given governance context. This fourth phase focuses on articulating the process, the necessary measures and relevant implications. This will include making a cost-benefit analysis and identifying key trade-offs and risks from social, environmental and economic perspectives, often combining geo-spatial, bio-physical and socio-economic data, and modelling to design the most appropriate policy and investment mix.

While these four phases are divided in the paper for the sake of clarity, the phases are closely interlinked. The whole process is iterative and continuous. Throughout the process, initial assumptions and policy and technical judgments will need to be re-examined as new information and knowledge becomes available.

The framework is a neutral guide that does not promote any specific technical approach or particular policy options for food systems transformation. It supports the search for the most appropriate pathway at each respective level, to ensure a transition towards more sustainable, effective, inclusive and resilient agrifood systems. It relies on both evidence-based knowledge and multistakeholder engagement, allowing key actors to co-create new knowledge while helping to build trust and create a coalition for action.

**Chapter IV** highlights gains in efficacy that have resulted from FAO's past and present work to strengthen governance in the manner outlined in this paper. Specifically, FAO demonstrated that it can go beyond its traditional technical advisory role to facilitate policy dialogue and negotiation processes at the request of governments such as in Latin America and the Caribbean where it upheld the Zero Hunger objectives. Where systematic governance analysis has been applied, FAO was able to work together with governments and country stakeholders to tailor necessary interventions and contribute to better connect national and local measures that lead to the improved implementation of national policies and strategies at the territorial level. FAO has been most successful when its programmes spanned several consecutive project cycles, building on other previous and ongoing initiatives, and partnering with others.

Governance analysis has much to offer for the fulfilment of the FAO mandate as interpreted in the new Strategic Framework 2022–2031. This paper concludes with a recommendation to build governance analysis systematically into FAO's programme and project design, implementation and monitoring and evaluation (M&E) processes at all levels. Governance matters, and FAO, by dint of history, experience and the capabilities of its Members, has a particular role to play in articulating the potential of improved governance as an essential enabler of agrifood systems transformation and achieving the 2030 Agenda – leaving no one behind. This paper is an important, practical step in this direction, intended to enable all FAO stakeholders to work towards a common vision and to support Members in developing workable technical solutions for accelerating effectiveness, sustainability and inclusiveness of food and agriculture.



# Introduction

## 1. Why focus on governance in FAO's work?

The development context today is more complex than ever before: factors that shape and influence policy formulation and implementation are many and varied, multifaceted and multilevel. Food insecurity and malnutrition, poverty, water depletion, soil and land degradation and climate change each present complex challenges, characterized by high levels of uncertainty, different perspectives, multiple interlinkages and diverse and often conflicting interests among political actors. This makes the task of promoting transformative change, as called for in the 2030 Agenda for Sustainable Development, more daunting. Policy-makers must contend with many possible influences, and with potential solutions that may vary according to context, whether local, national regional or global (Hudson *et al.*, 2019).

The 2030 Agenda for Sustainable Development underlines the indivisibility and interdependence of its 17 Sustainable Development Goals (SDGs) and points to the key role that agrifood systems can play to accelerate progress to achieve all SDGs. Because food and agriculture systems impact the economy, nutrition and health, state-society relations, environment and climate change, as well as other social and cultural issues, they provide a vital lens through which to address a range of contemporary development challenges (Leach *et al.*, 2020).

Yet most contemporary food and agriculture systems are not fulfilling expectations. The number of hungry people in the world has increased for the third consecutive year and nearly two billion people experience some form of malnutrition (SOFI, 2020). Dominant trends in food production damage ecological and earth system processes, contributing up to half of greenhouse gas emissions, affecting biodiversity and natural resources (Leach *et al.*, 2020). Existing modes of production and consumption, and current levels of inequality, threaten the achievement of the 2030 Agenda. The COVID-19 pandemic and its far-reaching effects have further exposed multiple vulnerabilities and inequalities in contemporary food and agriculture systems (UN, 2020; IPES FOOD, 2020; SOFI, 2020). An urgent transition is needed away from patterns of economic growth, production and consumption that perpetuate deprivation, generate inequalities, deplete the global environmental commons and threaten irreversible damage (IGS, GSDR 2019).

Achieving transformational change to redirect food systems toward sustainable and inclusive development requires identifying and managing trade-offs, while maximizing co-benefits between economic, environmental and social dimensions of sustainable development and ensuring inclusion and equity. This involves making difficult choices, with the potential to produce winners and losers. Science can play a critical role by providing the evidence basis for decision-making, and deploying systems perspectives to help governments, the private sector and civil society better understand the interactions, impacts and trade-offs among different policy choices.

But science cannot tell stakeholders *how to value* these trade-offs and how to find the balance between them. It is not unusual for different social groups to value different outcomes differently. For example, a given policy intervention can make a lot of economic sense, but if it is perceived as threatening a powerful interest group or not sufficiently considering that group's needs, it will most probably fail (see Box 1). This points to the importance of understanding and addressing diverse, often conflicting, objectives and interests and the institutional structures and power dynamics that condition relations between sectors and actors. In other words, governance.

### **BOX 1. DEALING WITH THE GOVERNANCE OF COTTON POLICY REFORM**

In countries where cotton is among the most important cash crops, policy interventions to hedge prices and support producers bear an important cost for the government. Economic policy analysis would point to market liberalization and a number of related reform measures that improve the targeting of budget support, promote competitive access to resources, and reduce market inefficiencies along the value chain. However, this 'first, best option' while strongly desirable in economic terms, may prove unrealistic and not implementable, since it would imply significant changes in the distribution of income and market power among market participants and would require important changes in cotton value chain governance in order to work for all participants. A limited number of key actors with a strong interest in the subsidies system (and a powerful influence on policy decisions) often has the capacity to resist reform.

Implementing a reform that leads to broader access to economic and social benefits is, therefore, not simply a matter of conducting sound analysis and defining a new policy. It also requires building a coalition of actors able to implement change despite the resistance of others. Understanding the key actors, and the institutions, processes and power relationships through which they make, block or amend key decisions is essential in order to provide policy support to governments that is both technically sound and politically implementable.

Source: FAO, 2017b.

In many if not most countries, the actors tasked with food and agriculture-related policies suffer from overly optimistic expectations and tend to underestimate the multidisciplinary nature and complexity of food security and nutrition challenges, and stakeholders dynamics, behaviour and incentives. Political structures and capabilities, institutions, power and social conflict strongly influence how economic, social and political actors work to shape national strategies and policies. Competition for access to economic and political resources affects the functioning of food systems as well as food security and nutrition outcomes. Understanding the governance – both institutions and political economy – behind existing food and agriculture systems can thus make or break the success of any policy or technical support work.

The 2030 Agenda recognizes that shifting agrifood systems to a sustainable development pathway is critical to achieving most of the SDGs; this makes governance for food and agriculture perhaps the most pressing priority of our times.

## 2. Governance as a cross-cutting theme in FAO's work

Policy and governance support is an essential element of the work of FAO. Over the past 30 years, the Organization has made important normative contributions to governance for food and agriculture through a variety of instruments, including the Right to Food Guidelines, Voluntary Guidelines for Responsible Governance of Tenure in Land, Fisheries and Forests, and Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries. These are key achievements that have helped refine thinking about the role of governance in managing the process of change. These instruments have been negotiated and endorsed with active support of the Committee of Food Security (CFS) as a global policy forum that ensured the participation and contribution from organizations representing small-scale producers and other segments of the population most affected by food insecurity and poverty. Furthermore, many of FAO's documents recognize the relevance of governance for increasing food security, eradicating poverty and promoting sustainable management and use of natural resources (see Chapter II). But the analysis of governance issues – particularly of institutions and the power relations that influence the way they work – has made only halting progress.

In recent years, FAO has devoted an increasing share of its attention explicitly to governance analysis, including by introducing governance as a cross-cutting theme in the Reviewed Strategic Framework in 2014.

The Reviewed Strategic Framework<sup>1</sup> stated *inter alia* that:

*FAO's focus on governance is driven by the recognition that mission-critical development-related processes affecting food security and nutrition, livelihoods, and the management and sustainable use of natural resources confront increasingly complex governance challenges.*

*To achieve the goals to eradicate hunger and malnutrition, for example, comprehensive and integrated approaches are required to engage an array of public and private actors whose participation is necessary to enhance both the legitimacy and the effectiveness of solutions adopted. Addressing issues related to the growing interconnection between the environmental and production spheres, similarly, requires unprecedented levels of intersectoral collaboration at all levels – and is further complicated by growing uncertainty due to the impacts of climate change and the increasing frequency of extreme weather events (para. 119, p. 27).*

*Broader, more flexible and responsive, and more capable governance institutions and mechanisms are necessary to improve effective coordination among diverse stakeholders, enabling effective problem-solving while working towards the achievement of multiple, and sometimes conflicting, objectives (para 120, p. 27).*

The document provided a working definition of governance as “formal and informal rules, organizations, and processes through which public and private actors articulate their interests and make and implement decisions” (para. 119, p. 27).

<sup>1</sup> FAO. 2013, p. 27.

It pointed out that:

*Governance issues arise in a wide variety of settings, both public and private, from local communities, farms and cooperatives, business organizations and large-scale enterprises, to local, regional, national and international contexts. Strengthening governance is essentially concerned with enabling effective and efficient problem-solving in ways that are regarded as legitimate by the stakeholders who are involved, enabled, or otherwise directly affected by the decisions and actions undertaken within or by any governance structure or regime.*

This formal establishment of governance as a cross-cutting theme in FAO's Strategic Framework recognized the Organization's long-standing commitment to this difficult but unavoidable issue as critical to the achievement of its goals. It also acknowledged the need for ongoing reflection on how FAO can more effectively cope with the diverse, complex and often highly challenging political environments in which it operates at all levels.

In 2021, the Reviewed Strategic Framework 2022–2031 noted that “*Transformative processes of agrifood systems require, as a precondition and a priority trigger, much stronger, more transparent and accountable institutions and governance. These are required both within and outside agrifood systems because governance and institutions influence all the drivers and the channels that link the various elements of agrifood systems with the other systems*” (C 2021/7, para. 30). In order to maximize the Organization's contribution to this transformation process and thus, to achieving the SDGs and the better production, better nutrition, a better environment, and a better life, leaving no one behind, “*it is critical to apply four cross-cutting “accelerators”, which include complements (governance, institutions and human capital), in all our programmatic interventions* (FAO, 2021b, para. 60, emphasis added).

To fulfill its broad mandate to provide effective technical and policy support to member countries in their efforts to recover from COVID-19 effects, transform agrifood systems, eradicate hunger and poverty, ensure sustainable use of natural resources and build resilience to climate change, FAO must invest additional efforts to identify, analyse and address key governance challenges for food and agriculture.

Tackling governance issues related to food and agriculture systems at different levels creates difficult conceptual and operational challenges for development agencies like FAO, which must confront these challenges with a view toward actively facilitating the change process. Maintaining FAO's status as a neutral, objective and trustworthy advisor to Members and their development partners is essential to the Organization's ability to fulfill its role. The issues can be highly sensitive; the work to build support can be time- and resource-consuming. It requires granular, context-specific knowledge of the policy environment and history. Often, it requires genuine, and potentially contentious, dialogue about the institutional and political environment, both within the Organization and with its management, and externally with Member Governments and their development partners. It also requires a commitment to transparency, openness, innovation, risk-taking and iterative learning. Governance analysis and dialogue must be carried out in ways that are evidence-based and neutral, faithful to the normative commitments of the Organization, the 2030 Agenda and the UN Charter.

As noted, since 2013, an increased effort has been made within FAO, supported through the work of the Governance and Policy Support Unit and the Governance Support



Technical Network, previously under the Assistant Director General for Economic and Social Development Department, now under the responsibility of the Chief Economist, to develop a shared conceptual understanding of governance, and a clear framework for analysis and practice. From the beginning, it was recognized that improved governance for sustainable development is a primary concern across the Organization, which is itself a principal organ of global governance as well as an institution with well-developed, but evolving, structures for its own governance. The approach was practical: by reflecting on the experiences of technical divisions and direct interaction with peers engaged at country and regional levels in shaping the 2030 Agenda for Sustainable Development and the SDGs, and the repositioning of the United Nations development system (UN reform) that followed, the Team sought to develop a shared approach to governance to facilitate analysis and learning across the Organization. This paper is the result of that effort.

### 3. Scope and objectives of the paper

In keeping with FAO's mandate, this paper provides a general roadmap and a flexible approach for analysing and addressing governance issues related to food and agriculture in different contexts. The approach builds upon a legacy of accumulated knowledge and experience stemming from FAO work at country, regional and global levels, and draws on academic literature as well as the experience of other international organizations and agencies related to both the institutional dimensions and political economy of sustainable development.

The objectives of this paper are two-fold:

1. to contribute to a common understanding of the concept of governance and its relevance for FAO's work; and
2. to provide a useful and flexible framework to help FAO staff and practitioners identify and analyse governance issues related to food and agriculture in order to support Members and their partners to develop more realistic and effective policies and strategies.

In addition to this introduction and a brief conclusion, the paper has four main chapters:

- **Chapter I** provides a summary of selected approaches that have emerged during the past three decades to influence thinking about governance and its relevance for achieving sustained economic development. These approaches have contributed to the development of FAO-relevant approaches to improving governance.
- **Chapter II** recalls the evolution of the understanding and use of governance in FAO work over the last two decades, and demonstrates that FAO has generated, through inter-governmental processes, powerful concepts and instruments that have shaped the views and actions of Members and other social actors.
- **Chapter III** introduces the key features of an FAO-relevant approach to governance for food and agriculture, and an operational four-phased framework for governance analysis. The framework presents an overview of a comprehensive approach to governance. The framework, moreover, is applicable to all levels of governance.
- **Chapter IV** offers some general lessons from past and guidance for future FAO governance work.



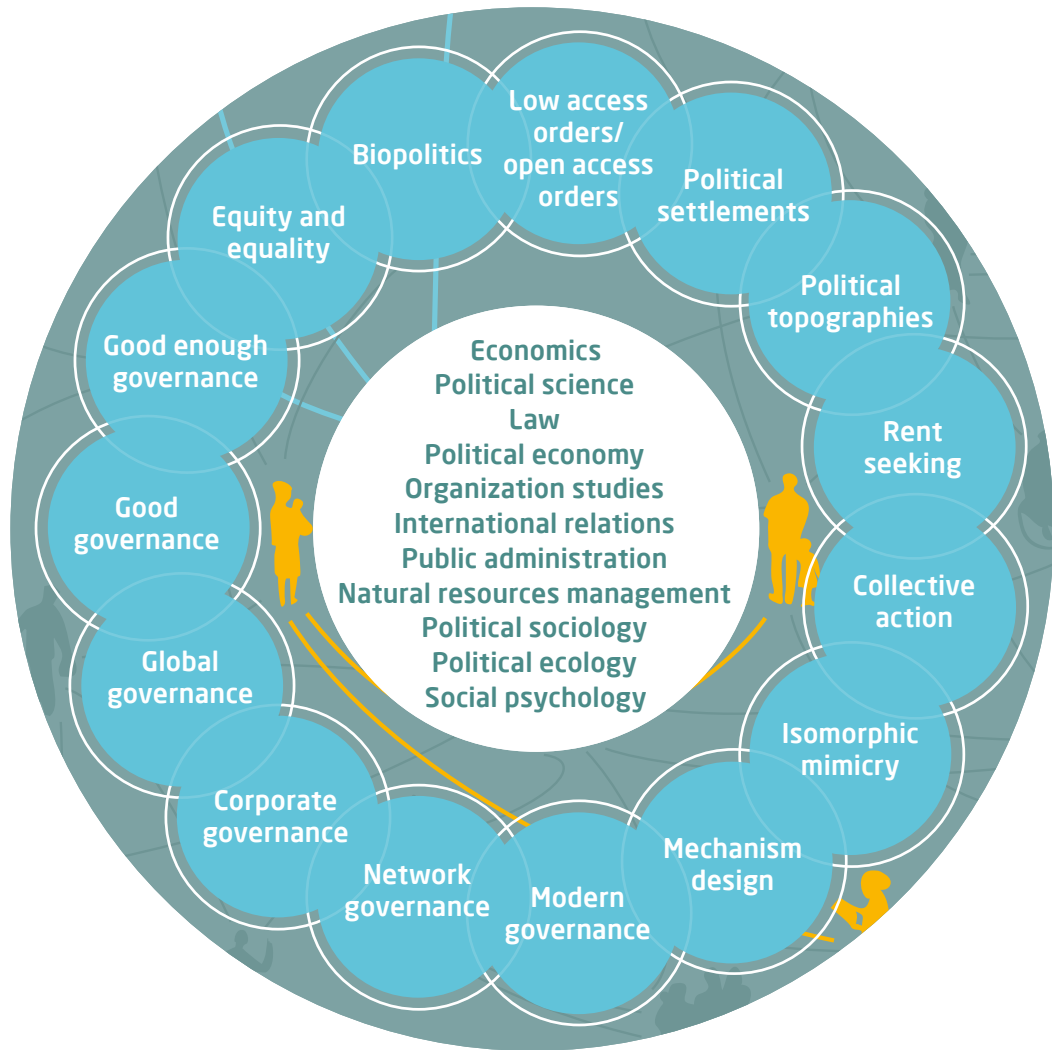
# I Governance: an ever-changing concept

The terms 'governance' and 'government' have Greek and Latin roots and are extensively – and sometimes confusingly – used in several academic fields and in policy and development discourses. Yet they are not the same. The concept of governance was widely debated in late twentieth and early twenty-first centuries. Various parallel debates unfolded, stimulating the evolution of the idea of governance in different disciplines, which mutually influenced each other (see Figure 1). An analysis of nearly 10 000 papers on the topic of governance that were published between 2006 and 2009 reveals that they came mostly from economic journals (14%), management (12%), followed by political science (11%), business, environmental studies and public administration (9%), and over 50 other fields (Levy-Faur, 2012). This attention to governance carried far beyond 'what governments do' to a wide variety of institutions and processes of collective decision-making and action.

In the debates around governance and development, it is possible to distinguish two broad perspectives that intersect and interact: one more normative, and oriented to questions of legitimacy ('good governance') and other, more analytical and pragmatic, focused on governance effectiveness for collective action. Both perspectives reflect the concept of governance as a move away from equating government with the formal institutions of the state. In this view, the activity of governing broadens to include strengthening markets and market-relevant institutions and integrating non-governmental actors into decision-making processes.

The first, normative perspective reflects the concept of governance as a mechanism to facilitate the implementation of the institutional reforms needed to make markets work more effectively and thus to enable economic growth and development. Governance is seen as a form of legitimate authority expressed through institutions (such as property rights, contracts and their enforcement) that insulate markets from a 'predatory government' (Sundaram and Chowdhury, 2012). This perspective of governance was promoted by mainstream institutional and new institutional economics and strongly influenced the rise and development of the 'good governance' agenda, initially introduced by the World Bank, and then taken up by many international organizations and development partners, including FAO. Simplifying greatly, this perspective is marked by a strong focus on formal institutions and technocratic measures to improve government effectiveness and governance capabilities for market-based development (i.e. technical, economic solutions and administrative capacity development).

Figure 1. Governance: disciplines and concepts



Source: Authors

In parallel to these debates on governance in economics literature, the concept of governance was increasingly used in political science, public management and sociology, where a broad consensus emerged that government was no longer the “cockpit from which society is governed” (Klijn and Koppenjan, 2000). Policy-making and implementation were seen as actions to be shared among a variety of state and non-state actors, and ‘governance’ a means of capturing shifts in the locus of authority between, for example, the state and markets, politicians and experts, bureaucrats and the private sector (Levi-Faur, 2012). Concepts like ‘modern’ and ‘network governance’ were introduced to capture these developments. This thinking also prompted a broader concern about informal institutions and social structures, and the role of social and political dynamics, civil society actors and networks in shaping institutional arrangements and development outcomes at country level. Focus was put on the relevance of collective action, social capital and coordination for achieving economic growth and development.

A second, pragmatic perspective on governance draws strongly upon political economy theories and the role of politics, power and conflict in influencing institutions and development outcomes. Pointing to the lack of success of institutional reforms in

developing countries, several political economists challenged institutional and new institutional economics, suggesting that to understand the emergence and relative effectiveness of institutions, it would be necessary to go beyond the institutions themselves and look at the social context in which they are embedded. In particular, understanding political settlements, that is, the informal power arrangements or social order in a country, is critical to understanding governance (Khan, 2018a). In other words, it is the *balance of power* between different social groups and actors, and practices and processes of dealing with different interests and conflicts (e.g. negotiations, coalition and alliance building, lobbying) that defines a country's governance structures and capabilities, and determines its development outcomes, including in terms of poverty and food security and nutrition.

While the preponderance of expert opinion and development organizations today tends to favour pragmatic, political economy-oriented approaches to governance, a subtle tension between the two perspectives persists.

The following sections provide a brief overview of selected approaches that reflect the two perspectives on governance and that have influenced the development of an FAO-relevant approach to governance for food and agriculture.

## 1. Economic governance: institutions matter

The idea of the influence of governance on the economy grew exponentially during the period of market reform and social changes in the United States and Europe. In the late 1970s and 1980s, governance emerged as an important topic in economic policy debates. Growing dissatisfaction with the neo-Keynesian growth model introduced in the 1950s cast doubt on the effectiveness of the state to steer the economy and triggered a wave of liberalization policies, ranging from the deregulation of the economy to the privatization of state assets and resources.<sup>2</sup> At the same time, New Institutional Economics (NIE) started highlighting the importance of basic institutions that would insulate markets from 'predatory governments,' whose politicians and administrators pursue their self-interest, seeking rents and other privileges (Sundaram and Chowdhury, 2012).

Institutional and new institutional economics demonstrated that economic activity is largely determined by non-economic institutions, that is, the "rules of the game in a society," the "constraints that human beings impose on themselves" (North, 1990, p.3) or "governance structures or social arrangements oriented to minimize transaction costs" (Williamson, 1985, p. 15).<sup>3</sup> As Weingast observed (1993, p. 292), "the political institutions of society create a 'governance structure' that allows the society to deal with on-going problems as they arise and provides a degree of durability to economic and political rights. Importantly, these help limit the ability of the state to act opportunistically by confiscating wealth it had previously attempted to protect."

<sup>2</sup> Illustrations of a pivot from the state to the market are Thatcherism in Great Britain and, later, the developments after the fall of the Berlin Wall. The idea of neoliberal orthodoxy that followed is nicely summarized by Weiss: "anything the government can do, the private sector can do better" and "more open markets, free trade and capital flows are necessarily beneficial" (quoted by Hout and Robinson, 2009).

<sup>3</sup> There are numerous definitions of institutions in the academic social science literature.

Over the next few decades, the expression “institutions matter!” became widely accepted among economists, who came to recognize that institutions are indeed important for economic growth and development.

A common thread running through the work of institutional economists is that the historically grounded<sup>4</sup> development of institutions supports or restrains economic growth. Through institutions, governance affects economic performance and the distribution of wealth in a society. Institutions include policies, laws, constitutions, plans, norms, conventions, routines and all of the other arrangements that structure human behavior; they provide individuals with the knowledge of how to act in specific social situations. For example, policy – as an institution of governance – is the substantive expression of decisions taken by government (e.g. the taxes that are imposed or the food security or nutrition programmes that are launched). Policy deals directly with the activities undertaken by the state (e.g. the provision of public services), or seeks to affect the manner in which organizations (e.g. private firms, cooperatives) or individuals behave (Atkinson and Fulton, 2017). Regardless of the path, policy choices affect economic performance and the manner in which economic benefits are distributed within a society. Informal institutions, such as social conventions, norms and beliefs, are also important for explaining economic change. Institutions may also take the form of organizations:<sup>5</sup> groups of individuals with defined roles who are bound by a common purpose and rules and procedures to achieve set objectives. Like norms, organizations shape human action, economic activity and development performance.

Institutions exist at household, community, government or international levels. They are said to provide the necessary structure to harness and channel self-interest, reduce uncertainty in human exchanges, and provide stability that allows the economy and society to function effectively. They are seen as the main determinant of differences in prosperity across countries (Acemoglu and Robinson, 2010). One critical role of institutions is to provide *incentives* (Hudson and Leftwich, 2014). The institutional context generates the incentives – reward or punishment – for actors to behave in a certain way: to invest or not, to act in the public interest or to engage in clientelist behaviour.

The NIE focused strongly on “market-creating” institutions (Rodrik and Subramanian, 2003), which protect property rights and support contract enforcement. Put very simply, secure property rights, guaranteed by appropriate legislation and credible enforcement mechanisms (including judicial mechanisms), assure private owners that their access to economic resources is protected from state capture, reducing economic uncertainty and risk and incentivizing investment. Secure land rights, for example, can be seen as incentives that enable farmers to invest in long-term improvements to their farms and lands in the expectation that they will reap the benefits of those investments. In the NIE tradition, institutions have three key characteristics. The

<sup>4</sup> History helps us to understand the role of institutions in supporting growth. First, as argued by North and Weingast (1989), institutional and economic development are endogenous processes. An example of this can be found in the history of seventeenth century England when economic growth necessitated the evolution of political institutions. This evolution was spurred by the Glorious Revolution in 1688, which allowed the redesign of fiscal and governmental institutions that limited the Crown’s arbitrary and confiscatory power and created changes in the capital market to promote growth. Second, institutional development is slow and path-dependent: institutional change takes time, often years or even decades.

<sup>5</sup> Much like the definition of institution itself, the distinction between organizations and institutions is an issue for debate among academics.

first is the rules and constraints nature of institutions. The second one is the ability to govern relations among individuals and groups. To serve their role, institutions must be recognized in social relations, whether voluntarily accepted or enforced by an external authority. The third characteristic of institutions is their predictability. Actors should expect institutional rules and constraints to have a degree of stability (Nabli and Nugent, 1989).

The existence of different kinds of institutions, according to adherents of the NIE, ultimately determines the kind of economic performance achieved by a given country. Change in development performance may come *via* norm and rule changes in particular institutions, or through shifts in the relative influence of different institutions. This rules-based conception of institutions is perhaps the NIE's principal contribution to the concept of governance as it is widely understood today (Chhotray and Stoker, 2008).

A critical limitation of the NIE approach was that it neglected informal institutions (culture, traditions, etc.) as well as the origins of institutions. A partial answer to these questions came from collective action approaches, particularly the work of Elinor Ostrom and her research associates on the development of institutional arrangements to facilitate collective management of common pool resources (see 1.1 below).

To be effective, institutions need to be enforced and the state may not always act as a neutral and discipline arbiter, it might actually be the one creating the problem of possible bias and opportunism. Self-constraint and collective action were seen as possible options for creating, enforcing, and changing institutions.

### 1.1. Potential of collective action

The concept of collective action, developed in the late 1990s and early 2000s within NIE, took a different angle on the relations between the state and development, drawing on early works on collective action in economics literature.<sup>6</sup> This view of governance builds on the idea that, under certain circumstances, collective action by individuals with common interests can effectively resolve their common problems, in particular those relating to creating and managing institutions to administer shared resources (e.g. land, water, fisheries), with a minimum of state or market involvement.

A focus on collective action and social responses to economic problems was evident in the writings of Elinor Ostrom and associates, who showed that diverse groups could find ways to effectively work together to preserve and establish institutions for the governance of shared resources (Ostrom 1990; Ostrom, Schroeder and Wynne, 1993; Ostrom, Walker and Gardner, 1994; Ostrom and Ahn, 2003). Through this enormous body of work, Ostrom demonstrated that institutions can be developed even in the absence of state. Her seminal contribution to the governance of common pool natural resources, in *Governing the commons: the evolution of institutions for collective action* (1990), explores the creation of such institutions, showing that the tragedy of the commons<sup>7</sup> can be solved by local, voluntary organizations, rather than top-down state

<sup>6</sup> In particular, the work of Olsen (1965).

<sup>7</sup> Hardin, 1968. According to Hardin, in a system of common property, where access to a resource is open, there is a tendency to an escalating abuse of that resource and therefore to its eventual collapse. Applied to different common resources, this logic helps explain a variety of situations where resources have been depleted or spoiled, including the degradation of forests and the overexploitation of fisheries or water resources.

interventions or the market. Ostrom analysed the governance structures that support arrangements for the sustainable use of common resources, balancing individual use with the interest of the wider public.

In proposing a framework of nested rules that impact and are impacted by one another, Ostrom made the case that self-organizing and self-governing individuals trying to cope with problems constantly go back and forth across different levels (from local to national and back) as a key strategy (Ostrom, 1990). Based on the empirical study of successful and unsuccessful community management of common pool resources, including forests, fisheries and grazing lands, Ostrom's work showed that the effectiveness of community governance systems hinges on the institutional design of such systems (Tang, 1992; Lam, 1998). In particular, collective action is most effective, and resource management outcomes are best, when individuals have credible and reliable information about the costs and benefits of resource decisions and the opportunity to decide the rules of the game. It is also important that the boundaries of users/groups and resources are clearly defined; that groups are tightly knit and have established social norms and procedures for making rules, monitoring them, sanctioning non-compliers, and resolving conflicts; and that groups combine local autonomy and effective relations with other tiers of authority (Ostrom, 1990).

The NIE approach strongly influenced the discourse on governance in the development community in the early 1990s, and contributed to the emergence of the 'good governance' concept and agenda.

## 2. The rise and fall of good governance

The failure of structural adjustment policies to generate sustained growth led to a search for explanations. The resilience of corruption and rent-seeking behaviour seemed to offer a ready explanation for the inability of many developing countries to thrive, despite a shift to market-oriented economic policies. This helped bring the concept of governance to the top of the development agenda. Drawing from the work of institutional and new institutional economics, the World Bank (1989) used the term to describe the need for institutional reform and a better and more efficient public sector in sub-Saharan countries if its programmes of adjustment and investment in that region were to be effective. It stressed the link between the quality of a country's governance system and its ability to pursue sustainable economic and social reforms.

While the approach implied a critique of what the World Bank regarded as widespread corruption, inefficient public administration and lack of accountability, the use of the term governance rather than government aimed to avoid being seen as interfering in the sovereignty of the states in question. Later, the World Bank provided a specific definition of governance relevant to its own purposes,<sup>8</sup> and endorsed good governance as a core element of its economic development strategy. While recognizing the importance of the political dimensions of governance, the Bank interpreted the concept restrictively, arguing that this aspect fell outside its mandate. Instead, it focused on the capacity of governments to formulate and, above all, implement financial and economic policies, putting in place an enabling environment that fosters private investment (World Bank, 1994). According to the World Bank, good governance included

<sup>8</sup> "Governance encompasses a) the form of political regime; b) the process by which authority is exercised in the management of a country's economic and social resources for development; and c) the capacity of governments to design, formulate and implement policies and discharge functions" (World Bank, 1994, p. vii).



five key dimensions: public sector management, organizational accountability, the rule of law, transparency in decision-making and access to information. These dimensions became the basis of the good governance agenda.

According to the good governance agenda, the prospects for sustained and peaceful economic growth are associated principally with the establishment of a specific set of institutional arrangements that work to create conditions in which economic dynamism becomes both possible and, it is assumed, given the propensity of people to seek economic gain, natural. These institutional arrangements typically include: well-defined property rights; rule of law; open, competitive markets; transparency and accountability of public administration; and an effective state monopoly on the use of violence. For adherents to this view, sustained economic development can occur only when private actors are free to organize and contract without the threat of violent expropriation or loss of freedom; when property is both private and secure from predation by either private or public actors; and when the rules of the political game are sufficiently stable to allow long-term commitments (or contracts) among different organizations. It follows logically that the potential for and pace of economic development are a direct function of the speed at which the basic institutions of good governance can be put in place. The underlying, often tacit, assumption is that good governance will enable a self-sustaining virtual cycle of mutually-supporting economic and political (institutional) development.

This programmatic agenda for good governance was also embraced by regional banks (such as the Asian Development Bank, the Inter-American Development Bank and the African Development Bank) and international agencies and development organizations, notably, the United Nations Development Programme (UNDP), the Organization for Economic Co-operation and Development (OECD), the International Union for Conservation of Nature (IUCN), the United Nations International Children's Emergency Fund (UNICEF), the World Health Organization (WHO), the European Union (EU) and, to a certain extent, FAO itself. Some of these organizations argued that promoting good governance without the principles of inclusiveness, participation or equality has diminished the capacity of many governments to strike a fair balance between private and public interests. This in turn, it is argued, may have contributed to weakening democratic principles and increasing inequalities within states and globally (Frey, 2008; Leach *et al.*, 2007; Venice Commission, 2011).

These critiques were also fueled by evidence that top-down state-led approaches, in practice, rarely worked out as intended. The concept of good governance quickly evolved into a society-centric concept designating the sum of interactions between civil society and governments (Béné and Neiland, 2006), and sustaining coordination and coherence among a wide variety of actors with different purposes and objectives (Pierre, 2000). In 1994, the Agenda for Development submitted by United Nations Secretary General Boutros Boutros-Ghali to the General Assembly stressed the important role of good governance for development.

## BOX 2. SOME DEFINITIONS OF GOOD GOVERNANCE

Governance is defined as the traditions and institutions by which authority in a country is exercised. This includes a) the process by which governments are selected, monitored and replaced; (b) the capacity of a government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them. This definition motivates six core dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption.

[World Bank Worldwide Governance Indicators \(online\)](#). p.1

The foundation of good governance is a “transparent, responsible, accountable, and participatory government, responsive to the needs and aspirations of the people... Good governance practices may vary from society to society and determining and implementing such practices rests with the States concerned.”

[UN Commission on Human Rights, resolution 2000/64, 27 April 2000, E/CN.4/RES/2000/64](#).

Good governance has eight major characteristics. It is participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

[UNESCAP, 2009, p.1](#).

Governance describes the institutions, rules and norms through which policies are developed and implemented - and through which accountability is enforced.

[UNESCO, 2009, p. 128](#).

Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.

[Commission on Global Governance 1995, p.1](#)

A ‘virtuous cycle of governance’ is based on (a) Capability, i.e. the extent to which leaders and governments are able to get things done, and to perform functions, such as providing stability, regulation, trade/growth, effectiveness and security; (b) Accountability, which describes the ability of citizens, civil society and the private sector to scrutinize public institutions and governments and hold them to account to ensure transparency, free media, rule of law and elections; and (c) Responsiveness that refers to the extent to which public policies and institutions respond to the needs of citizens and uphold their rights, including human rights/liberties, access to basic public services, pro-poor policy, equality, regulation and corruption.

[Loughhead, 2009, p. 1](#).

Such broadening of the concept of good governance focused on a normative dimension of governance that integrated government legitimacy, accountability, competence, protection of human rights and other elements of democracy (see Box 2). By the late 1990s, the World Bank had aligned with this broadened concept; this was matched by a comprehensive programme to develop indicators and implement monitoring systems that tracked government progress toward meeting normative and highly formalized criteria for good governance.<sup>9</sup>

<sup>9</sup> WorldWide Governance Indicators Project (<https://info.worldbank.org/governance/wgi/#home>).

The expectation was that over time there would be a strong positive correlation between progress towards good governance, as defined and captured by good governance indicators, and improvements in economic performance.

By the end of the first decade of the 2000s, however, it was becoming clear that the high expectations associated with the good governance agenda would not be met: good governance alone was not a magic bullet for growth and development. Its implementation faced several conundrums. First, the relevance of good governance for growth and development has been brought into question by the success of countries that have not abided by the long list of good governance rules. A number of East Asian countries, for example, have managed to spur growth by developing selected governance capabilities adapted to their context-specific needs and challenges (Khan, 2012b). Second, the implementation of the good governance agenda has been marred by inefficiencies. The concept of good governance promoted the adoption of a series of principles, mainly by public organizations, and anticipated improved state functioning and organizational behaviour as a result of the adoption of these principles and certain standards. Yet the formal adoption of good governance reforms in developing countries has often not led to their actual implementation. An implementation gap and a difference between ‘rules on paper’ and ‘rules in practice’ pervades governance reforms across developing countries (World Bank, 2017). A typical example is the significant gap between comprehensive agricultural policies and actual practice on the ground.

### 3. Focus on changing practices and consensual aspects of governing: modern and network governance

Parallel to governance discourse in economics and development fields, this broader concept of governance became central in academic debates in the areas of political science, public policy, and public administration. It emerged in connection with the perception that the state had lost or delegated an increasing proportion of its authority to various non-governmental actors and ‘entities’ (such as supranational and sub-national institutions as well as the private sector and civil society), thus changing the ways in which public affairs were conducted.

The concept of modern governance reflected the emergence of new forms of interaction between the public and the private sector that expressed themselves in a variety of ways, such as “co-regulation, co-steering, co-production, cooperative management and public-private partnerships on national, regional and local levels” (Kooiman, 1993, p. 2). No single actor, public or private, has all of the knowledge and information required to solve complex, dynamic and diversified problems (Kooiman, 1993). The privatization of public services, the expansion of the role of supranational institutions and new patterns of societal organization led to an increasing necessity for cooperation, coordination and negotiation among different actors in political decision-making. In that context, the concept of governance provided a better fit with these new realities as opposed to classic terms like political ‘control’ – ideas carried over from a time when hierarchical forms of state-society or state-market political interactions and decision-making predominated (Kooiman, 1993; Mayntz, 1998).

The governance perspective indicates that collective action intentions are not always matched by prescribed outcomes. Power dependencies, and the opportunistic behaviour they allow, add to complexity and encourage uncertain outcomes. Complex

tasks do not necessarily require the imposition of a hierarchical chain of command in an integrated organization. There are other options: regulation at arm's length, contracting through the market, responding to interest articulation and developing bonds of loyalty or trust (Chhotray and Stoker, 2008).

A number of authors introduced the concept of 'network governance' to highlight the role of social networks in underpinning interactions between social actors and organizations (i.e. networks between different levels of government and between government and other actors pursuing public goals). Some viewed this process darkly. Rhodes, for example, saw network governance as a hollowing out of the state, whereby the scope of public intervention becomes limited and the state loses authority (Rhodes 1994). In a similar vein, Bang and Esmark (2009) considered that nation-states are being replaced by network states, which are states embedded in local, regional, and global networks of governance hailed as necessary to meet the challenges of increased complexity, connectedness, and globalization. While governance networks vary considerably among countries in terms of the level of formalization, stability and inclusiveness, a shared characteristic is the involvement of non-state actors from the private and third sector as stakeholders and partners in policy-making and implementation.

This thinking on network governance has been applied in the conceptualization of agricultural value chain governance, especially "when demand is uncertain, tasks are complex, assets are specific, and exchanges are frequent. In a network, the governance system is embedded in social mechanisms such as restricted access to exchanges, the macro culture of the network, collective sanctions, and reputations" (Jones *et al.*, 1997, p. 935).

By drawing attention to changes in the public sector at country levels (as well as in regional and international relations), debates on network governance advanced the recognition of the role of a variety of (non-state) actors in decision-making, and the relevance of other forms of governing beyond state and markets, notably cooperative arrangements and networking. At the same time, they remained mostly focused on procedural dimensions and emphasized the consensual aspects of decision-making, paying less attention to aspects of interest, power and conflict that determine the implementation of policy decisions and their outcomes on the ground.

## 4. Bridging the power gap: political economy-oriented approaches to governance

More recently, a new generation of approaches to governance has emerged, building strongly on political economy (see Box 3). Disenchantment with the good governance agenda triggered, among certain practitioners, the idea that donors should not impose onerous good governance conditions, expecting the developing world to simulate now-developed countries (Sundaram and Chowdhury, 2012, p. 5) that seemed to offer few tangible benefits and diverted focus away from more important or concrete development objectives. This stimulated the debate around the role of power relations and political dynamics in shaping governance – institutions, policies and programmes – and their functioning in practice.

Some authors argued that there is a distinction between the function and form of institutions, thus maintaining the view that the main elements of good governance – to

secure generalized property rights and accountable transparent political systems – are the critical ingredients for improving economic performance in developing countries, while taking on various forms depending on the specific context (Rodrik, 2008). A similar approach is found in the ‘good enough’ governance agenda (Grindle, 2004, 2007), which calls for the progressive implementation of good governance reforms, recognizing the unique characteristics of state capacities and political constraints.

Several political economists formulated a new theoretical basis for understanding the barriers to development at the country level and for appreciating why institutions work well in some contexts and not in others. Some de-emphasized the role that institutions and incentives play in governance, instead focusing on power asymmetries, as well as ideas, ideologies, the agency of local actors and the subtleties of building and sustaining coalitions. Their aim was to provide policy-makers and development practitioners with more precise conceptual tools to help them interpret the ‘micro’ politics of the context in which they operate (Andrews, 2013; Booth and Unsworth, 2014; Hudson and Leftwich, 2014). Others focused more on the ‘macro’ level and suggested that to understand the emergence and relative effectiveness of institutions, it is necessary to go beyond the institutions themselves and look at the social context in which they are embedded. In other words, look at the competition for state power and access to key resources, and the influence of key political and economic actors on shaping and adjusting governance institutions and policies to advance their interests (North *et al.*, 2009 & 2012; Khan, 2012b; Di John and Putzel, 2009). A number of donors and international organizations followed these political economy debates closely (e.g. the Department for International Development [DFID], OECD, Australian Aid and the Overseas Development Institute [ODI], among others).

### BOX 3. POLITICAL ECONOMY: THEORETICAL FOUNDING AND CONCERNS

The study of political economy has strong theoretical grounding, drawing upon economics, political science, law, history, sociology and philosophy. A famous definition of economics comes from Lionel Robbins (1932, p.16): “Economics is the science which studies human behaviour as a relationship between ends and scarce means that have alternative uses.” If economics is the study of the optimal use of scarce resources, political economy begins with the political nature of decision-making and is concerned with how politics will affect economic choices in a society. The study of political economy is central to some of the founding pieces of economic scholarship, including James Stuart’s *An inquiry into the principles of political economy* (1761), Adam Smith’s *An inquiry into the nature and causes of wealth of nations* (1776) and Karl Marx’s *Capital* (1867).

What these seminal works have in common, despite their divergent ideological orientations, is a concern for: i) the political underpinnings of economic development, including the impact of individuals’ self-interests and preferences on economic decisions and the role of the state in supporting growth and redistributing its dividends; as well as ii) the effects of economic life on politics, including the redistribution of political power and resources that economic policies and economic development induce.

Despite the differences in the various approaches and frameworks around governance, the fundamental insight of most is that governance, stability and the quality and pace of economic development are the result of political structures and capabilities in a given country. Development outcomes are not seen as a function of institutional performance *per se*, but of the deeper political struggles and configurations that shape

how institutions emerge and perform. In other words, development is the result of the way social and political power are organized through the operation of institutions and organizations, and distributed across countries (Khan, 2018a).

Three concepts are particularly useful for understanding governance structures in a given country/territory, and thus its development pathway. These are the concepts of 'limited access orders,' 'political settlements' and 'political topographies.'

#### 4.1. Limited access orders (LAOs)

As mentioned previously, understanding how institutions evolve and why they work in certain contexts and not in others are among the most important challenges facing institutional and new institutional economists. Since 2007, North and his associates have developed the concept of LAOs to characterize the general conditions prevailing in nearly all developing countries (North *et al.*, 2009 & 2012).

LAOs, according to North and his associates, are social orders in which access to political and economic resources is deliberately controlled by political elites seeking to achieve and maintain a stable balance between two imperatives: i) to construct a dominant coalition among rival groups capable of, or actually using, violence to achieve and sustain social peace; and ii) to create economic rents<sup>10</sup> that act as incentives to cooperation among would be political rivals and economic competitors. LAOs have a distinctive political logic: they restrict access to political and economic resources as a way of simultaneously building and maintaining social peace, and as a means of promoting capital accumulation and economic development. The restricted right to form associations/organizations for political and/or economic gain is one of the hallmarks of LAOs and is essential to their functioning. As North *et al.* (2009, p. 20) explain: "Because the positions, privileges and rents of the individual elites in the dominant coalition depend on the limited entry enforced by the continued existence of the regime, all elites have incentives to support and help maintain the coalition. Failing to do so risks violence, disorder and the loss of rents."

According to North *et al.* (2007, p. 1), the social dynamics of developed countries are fundamentally different from those of developing countries, and thus "development tools based on first world experiences are ill-suited to the development goals in third world countries."

As further explained by Mushtaq Khan, in most developing countries the formal productive sector is too small to provide sufficient rents to match the broader distribution of power. This means that rents are distributed through informal institutions that "structurally operate on a different scale in all developing countries (Khan, 2010, p. 5)." Widespread patron-client relationships have come to characterize the political settlement in many developing countries as "the logic of the limited access order takes any institutional form or mechanism and bends it to the purpose of rent-creation to sustain the existing dominant coalition (North *et al.*, 2007, p. 29)." Informal institutions arise to distribute rents and benefits in line with the balance of political interests and power. If the institutional structure does not distribute rents in accordance with the wider distribution of power, conflict can emerge. Thus, apparently

<sup>10</sup> Classical economic rents are technically defined as returns to an asset that are higher than the next best opportunity foregone. More broadly, they are privileges granted to groups (political allies or economic organizations) that create preferential opportunities for the creation or appropriation of wealth.

dysfunctional institutions persist because they play an important role in maintaining stability and the essential conditions for sustained growth.

## 4.2. Political settlements

The term political settlement is often used to describe the informal power arrangements or social order in a country. The political settlement framework emerged from historical political economy (Di John and Putzel, 2009). It uses an integrated understanding of politics, power and institutional forms to explain how, given different political processes and incentives, the same institutional structures can produce different economic and developmental outcomes. Similar to the distinction between LAOs and Open Access Orders, this thinking represents an attempt to move beyond institutionalist approaches for which the root of (almost exclusively economic) development performance lays in the institutional forms of developing countries.

The concept of political settlements has been articulated in an extensive series of articles and monographs by Mushtaq Khan, and taken up and further discussed by other authors and international organizations<sup>11</sup>. According to Khan, political settlements are “social orders characterized by distributions of organizational power that together with specific formal and informal institutions effectively achieve at least the minimum requirements of political and economic sustainability for that society (Khan, 2018b, p. 671).” Although political settlements are sometimes described as the outcome of elite bargaining among political and economic organizations, in Khan’s view they are not formal agreements or planned social orders. Instead they are ‘interactive orders’ – the outcome of many interactions between groups are not based on any agreement or pact that can be identified *ex ante* (Khan, 2013b). Social order is, in this view, the result of interactions in a non-cooperative game where outcomes are different degrees of enforcement of formal institutions, informal changes of many of these, and different levels of adherence and support for various informal institutions. If these interactions achieve the minimum political and economic reproduction conditions of a society, we have a reproducible social order (Khan, 2013). A political settlement is settled, because its ‘politics’ achieves sustainability. Sustainability is a dynamic concept, a process of continuous incremental change driven by competition and constrained by the balance of power and capability among competing political and economic groups.

Put simply, political settlements are a result of elite<sup>12</sup> bargaining to build a viable consensus around the sharing of power and resources, leading to the establishment or reshaping of formal and informal institutional arrangements. In most cases, a coalition of elite groups represents the main actor in a political settlement. Depending on the country, there may be one dominant group or a loose coalition of competing elite factions with the ability to shape institutions in ways that serve their interests. These groups also share a common interest in sustaining the governance conditions that allow them to retain power with respect to other actors in the society (Parks and Cole, 2010).

<sup>11</sup> See for example, Di John and Putzel, 2009; Parks and Cole, 2010; Ingram, 2014; Dressel and Dinnen, 2014; Bell, 2015; Rocha Menocal, 2015; Bell, 2015; OECD, 2009. The Asia Foundation; DFID, Political Settlements Research Programme, 2012–2017; Kelsall, 2016, 2018a.

<sup>12</sup> The term ‘elites’ does not imply value relative to the rest of the population; it simply denotes those groups and actors that wield substantial power and influence over the distribution and allocation of resources (Di John and Putzel, 2009).

By providing institutional analyses a political anchor in intra-elite bargaining, the political settlements approach attempts to explain development outcomes through an integrated understanding of politics, power and institutional forms (Poteete, 2009). Mapping political settlements thus helps gauge the differential access of various segments of a country's elites to political and economic rents.

Political settlement analysis has been particularly influential with international aid and financial organizations, which have used it to develop new policy tools for fragile and conflict-affected states (Bell, 2015).<sup>13</sup>

On the other hand, the political settlements framework has been criticized as frequently being abstract and thus not providing significant guidance for practical application. In addition, critics have pointed out that such frameworks almost exclusively examine circumstances at the national level, ignoring local and centre-periphery social conflicts. In fact, in any country, political competition is unfolding at multiple levels at any given time. Elite groups from the national as well as sub-national levels (villages or communities) are competing for dominance in their areas of influence and entering into political settlements. Political dynamics at the national and sub-national levels interact in complex ways that depend heavily on local context. In this regard, the concept of political topographies, as developed in the work of Catherine Boone (Boone, 2003), is particularly relevant.

### 4.3. Political topographies

Catherine Boone attempts to explain the widespread institutional heterogeneity, not only across but especially within African states. She emphasizes that regional variations in political capacities and interests result in "striking unevenness in real patterns of centralization and decentralization of state power, that is, in the political topography of core-periphery linkage (Boone, 2003, p. 3)." The key to understanding the variance in institutional topographies of the African state is to assess the relative strength of local power structures in terms of the bargaining power of local elites in interaction with national elites at the centre. The concept of political (or institutional)<sup>14</sup> topography refers to a geospatially-distributed social order that emerges and persists over time as a self-reproducing balance of power that is dynamic (and driven by the same pursuit of gain that Khan refers to as rent-seeking behaviour), but is also relatively stable over time – in other words, an extended political settlement.

The critical twist in Boone's analysis is to demonstrate that the centre (or macro-settlement in Khan's analysis) has not always had its way with the periphery. Rather, she shows that central politicians in the decades after independence have relied on the rural areas to secure their grip on power, and the effectiveness of the centre has depended crucially on the alignment of its strategies for centre-periphery relations with the nature of the power realities in the countryside.

In many respects, Boone's analysis completes the analysis of institutions, power structures and their interactions that North, Khan and their associates began. It significantly expands the scope of the concept of political settlements, and it fills in

<sup>13</sup> The literature on political settlement analysis, for example, was used by DFID to develop its 'drivers of change' analysis (DFID, 2004), a 'how to' note on political economy analysis (DFID, 2009), and a 'how to' note on fragile and conflict-affected states (DFID, 2012).

<sup>14</sup> In Boone's work, political and institutional are often interchangeable terms.



many of the details about how power affects communities and lives. It rebalances between centre and periphery, showing that causality is a two-way street, and gives us tools to analyse the way the exercise of power is transmitted from centre to periphery and back.

Indeed, a country's political settlements are not only about elites: they also have ramifications for the access of other social segments to power and resources. Political settlements can thus be understood as playing out across both vertical and horizontal axes: they require horizontal bargaining among elites, but also vertical bargaining between elites and the various segments that constitute society. The interactions between these two levels are critical.

## 5. Summing up: some advantages and limitations of different approaches to governance

The institutional and new institutional economics approaches to governance, including collective action theories, have the great merit of having focused attention on the role of institutions on economic performance and development outcomes at the country level. They pointed to values, individual and collective behaviour and the wide range of social and legal ties that exist between people; these strongly influence economic activity and transaction costs. In addition, at both macro and micro levels, NIE authors provide concepts and tools for analysing the nature of institutional change. They also help to illuminate the challenges involved in attempting to reform institutions or to create new institutions that can facilitate economic growth and development.

Collective action approaches helped to identify various possibilities for institutional design, pointing out that solutions to collective action problems do not necessarily need to be initiated externally, by either the state or the market.

The good governance approach refocused attention on the state and its role in development, and highlighted the importance of governance and the capacity of states to implement and enforce contentious economic policies. The approach led to a broader concept of governance that included the participation of civil society as an essential ingredient in any development programme. This was an important contribution. The concept of governance has evolved to capture relations between the state, markets, policy-makers, experts and civil society. It focuses on human rights, equality and the core values that can lead to the empowerment of the most vulnerable populations through participation, while protecting them from arbitrary actions governments, multinational corporations and other forces that impact their lives and livelihoods (Gisselquist, 2012).

Debates on modern and network governance have drawn attention to changes in the public sector at the country level, as well as in regional and international relations. This allowed for important progress towards recognizing the role and variety of non-state actors in decision-making, and the relevance of other forms of governance beyond state and markets, notably through cooperative arrangements and networking. Furthermore, the debates increased awareness of the multilayered nature of decision-making – with local, national and supranational institutions intertwined in (often complex and overlapping) collective decision-making processes.

Nevertheless, these approaches have some limitations. The importance of getting the *institutional framing* right is a message that the good governance debate shares with the literature on economic institutionalism, and it would not be contradicted by modern and network governance theories.

The experience of development work has shown that the processes of change are much more complex and difficult, and that blueprints and models do not work. NIE neglects important differences in broader societal configurations, government structures and capacities, and social and power dynamics that exist in different places, especially in developing countries. Even Ostrom's collective action analysis, rooted in empirical evidence, illustrates the need for specific conditions in which individuals would find it rational to cooperate in devising self-governing institutions (i.e. when applied to resources with clear boundaries, with relatively small and homogeneous groups of resource users who share commonly agreed rules of use as well as the mechanisms for conflict resolution). At the heart of the approach is an assumption that individuals who are concerned by a given resource, compare expected benefits and costs of actions prior to adopting strategies for action. Yet communities and natural resource users are rarely homogeneous and egalitarian, and too often governance is reduced to power struggles and conflicts of interest (Blaikie, 2006; Gebreyes and Muller-Mahn, 2019).

Having at their core an emphasis on individual choices, the NIE and good governance approaches do not take into account the fact that institutions may be imposed not chosen, and that being backed by the power of the state, institutions enable some groups to benefit more than others. In many, if not most cases, the very institutions that support the attainment of efficient outcomes (by reducing transaction costs), promote and help sustain unequal structures of power (Bates, 1999). Property rights, contract law, norms of production and exchange of commodities are all established by the state in settings where some actors are more powerful than others. The types of institutions that are created thus depend on the structure of politics and, as such, require political rather than technical analysis (Bates, 1999).

In many countries, the roll out of the good governance agenda has often led to 'isomorphic mimicry' (Andrews, Pritchett and Woolcock, 2012, p. 1) as the pressure to adopt 'best practices' exerted on the governments of developing countries by global actors, including UN agencies, has led many of these governments to mimic certain standardized practices and policies that reflect the ideal technical standards, but are disconnected from local political and organizational realities. This phenomenon is a key 'technique of successful failure' that perpetuates capability traps in development (Andrews, Pritchett and Woolcock, 2017, p. 29). States *look* like they have the 'right' institutions and can perform their functions, but they do not have necessary capabilities to do so in practice, with negative consequences for development. Put very simply, a key reason for this is power. If 'good' outcomes are detrimental to the groups in power, those groups will resist institutional arrangements that generate such outcomes. There is thus a critical need to identify development pathways that provide incentives for cooperation or compensate for losses.

Political economy-oriented approaches to governance illuminate the role of power dynamics and their influence on the emergence, functioning and change of institutions, and thus economic performance and development outcomes in a given country. Governance can only be understood as the product of both political and economic variables. Institutional arrangements reflect the allocation of power and

authority among different groups. From a political economy point of view, we aim for governance arrangements that meet basic needs: the creation and distribution of wealth (the purpose of economics) and the orderly resolution of conflict (the purpose of politics). Many positive values and norms are corollaries, including accountability, efficiency and transparency (Atkinson and Fulton, 2017).

Debates around political settlements, LAOs and political topographies suggest that structural transformation has much to do with how political and economic elites align themselves and how their alignment affects non-elites. Institutions and governance arrangements are endogenously determined along with the power and authority relationships inside a system. They are typically negotiated, albeit by those with different power, status and assets. In other words, positive governance change requires the transformation of existing social orders and the ways that collective action is exercised.

This line of argument represented a shift in mindset from the view that institutions are an *input* for achieving a desired outcome to one where institutions are seen as the *outcome* of socio-political processes and power relations. Political economy-oriented approaches to governance called for a reassessment of development expectations by shifting from attempts to transfer technical best practices to achieving what is politically possible and most useful in a specific time and place. They also acknowledged that rent-seeking is not always destructive: channeling rents into productive (rather than predatory) endeavors has been the hallmark of development in many instances.

Political economy approaches gave birth to a series of analytical works intended to guide development partners, donors and UN agencies in the design of development interventions based on insights on the feasibility and likely impacts of reforms and institutional change. To a certain extent, this guidance also aimed to facilitate acceptance of the ‘best’ technical options by country stakeholders.

LOAs and political settlement approaches emphasize the control of violence as an important outcome of development (compared to NIEs and good governance preoccupations with efficiency and economic growth as key outcomes of development). North, Khan and Boone focus on understanding the distribution of power and resources among elites. This work could be usefully extended to account for the social ramifications of elite political settlements, and consider the social contract<sup>15</sup> that binds the state (and the elite) to the various segments of society. Social contracts define how power and resources are shared with different constituencies to guarantee the stability and legitimacy of the system. The fragmentation of the social body is important to grasp in that regard: such a body is characterized by divisions that run across a multitude of lines, including administrative, ethnic, geographical, religious or status, and that can reflect, create or reinforce asymmetries in access to resources, power and voice in policy processes.

Finally, political economy approaches focus mainly on tracing power relations and functioning of country political settlements, but are insufficiently exploring potential ways to actually address collective action problems.

<sup>15</sup> The notion of a social contract originates in the work of Rousseau, Locke and Hobbes. It defines the expectations that citizens have from the state, in particular with regards to socioeconomic redistribution and services, upon which their political support to, and cooperation with, the political system depends.



## II Tackling governance for food and agriculture

Over the years, debates about governance and development have often permeated food and agriculture research and practice, including at FAO. Simplifying greatly, the literature on governance for food and agriculture evolved from a predominantly ‘productionist’ perspective that concentrated on production-oriented policies and institutions with the singular objective of increasing food production and caloric availability through agricultural efficiencies, large capital investments and new technologies, usually focused on staple grain crops and oil seeds (World Bank, 2007; FAO, 2009c; Tomlinson, 2013; Harris *et al.*, 2019) to a perspective that underlined the relevance of socio-political systems and institutions within which food and agriculture are embedded, of interlinkages within food and agriculture systems, and of fundamental power relations that influence its functioning. Most recently, Agenda 2030 called for the economically dynamic, environmentally sustainable and socially inclusive transformation of food systems. These new perspectives highlight the importance of improved governance as a critical objective and determinant of sustainable development.

To identify and analyse all of the ramifications of this process would be an enormous task, far beyond the scope of this paper. This Chapter briefly highlights some of the main elements of the evolution of FAO’s work on governance, before introducing key aspects of an FAO-relevant approach to governance for the sustainable development of food and agriculture.

### 1. Governance in FAO’s work

To improve the governance of food and agriculture at both national and international levels has been a primordial concern of the Organization, enshrined by the founders in its Constitution. FAO was established in 1945 “to promote the common welfare by furthering separate and collective action” of the Members for the purpose of “i) raising levels of nutrition and standards of living of the peoples under their respective jurisdictions; ii) securing improvements in the efficiency of the production and distribution of all food and agricultural products; iii) bettering the condition of rural populations; and thus iv) contributing towards an expanding world economy and ensuring humanity’s freedom from hunger (Preamble, FAO Constitution).” Expressed in this way, FAO’s core mission is to enhance governance (“by furthering separate and collective action”) to achieve a given set of mandated objectives.

Neither the core mission nor the mandated objectives have changed significantly since the Organization's early days. Yet during the course of its existence, FAO Members have found it necessary to adapt its functions and structures to changing circumstances, and their own needs and preferences, and this has led the Organization to reflect, debate and decide how its mandate can best be fulfilled. Along the way, FAO has been influenced by and has contributed to a wider public dialogue about governance.

### 1.1. FAO as an institution of governance

Today, as the only intergovernmental institution with a dedicated mandate to strengthen the world's food and agriculture systems at the global, regional and national levels, FAO is uniquely positioned to address complex and multilayered governance issues related to food and agriculture. FAO's role in governance is very much conditioned by the different (and evolving) settings in which it works, and by the interactions between these settings at different levels.

**At the global level**, FAO serves as a platform for intergovernmental and multi-stakeholder policy dialogue, debate and convergence. Its mandate and roles are defined by its Charter, and, as a specialized agency of the United Nations, also by the UN Charter, the multilateral principle of one-country, one vote, and most recently by the 2030 Agenda for Sustainable Development. Through its many committees and capacity to convene major intergovernmental conferences and forums on an *ad hoc* basis, the Organization provides a variety of specialized and general platforms for generating high-level outcomes in the form of international treaties, declarations, action agendas, agreed standards, and voluntary guidelines.

FAO also directly contributes to deliberations related to food and agriculture of the UN and global intergovernmental fora, such as the CFS, the Conference of the Parties of UNFCCC, the Convention on Biological Diversity, and the UN General Assembly. The standards validated in FAO's Governing Bodies are used as a basis for food and agriculture-related global decision-making, including in the G20 and World Trade Organization (WTO). FAO also plays a key role in facilitating the work of the CFS and contributes to its efforts on building policy coherence by negotiating voluntary guidelines and bringing the voice of those constituencies most affected by food insecurity. Accountability is provided through the collection, appropriate analysis and dissemination of data on performance against intended outcomes, but even this depends on the good will and collaboration of the governments that must bear the expense of collecting, validating and releasing the relevant data even when it reveals failure.

Successful movement from precept to implementation, therefore, depends crucially on the perceptions of FAO Members that the norms and standards established and agreed are fair, practicable and, in some material way, sufficiently beneficial to warrant compliance. It also depends on processes of active translation through regional fora and national governments – processes that are often unavoidably complex and, even when effective, time-consuming.

**At the regional level**, governance support for FAO is guided by Regional Conferences, which frame issues, apply norms and standards that are deemed relevant to regional contexts, call for or endorse joint initiatives, and gather, analyse and share data to provide both the evidence base and mutual accountability framework for agreed

regional priorities. FAO's work at regional levels is linked to UN Regional Economic Commissions, and regional political organs such as the African Union (AU) and the Community of Latin American and Caribbean States (CELAC). A vital function of regional and subregional work is the harmonization of common objectives, instruments and programmatic commitments, with the aim of concretizing broad and highly flexible global norms and guidance.

This work is not limited to existing regional structures. For FAO's work on food and nutrition, a crucial innovation in governance has been the development of multi-party Parliamentary Alliances that work at both national and regional levels to promote sustained national and regional action on issues of shared concern – most often, to end hunger and all forms of malnutrition. UN Regional Commissions are also responsible for the follow-up and review of the 2030 Agenda, offering a platform for better integration and coordination, as well as sharing experiences through regional Sustainable Development Forums. FAO plays an active role, often taking a leadership position either directly or through its Members in organizing and setting the agenda for such meetings.

**The national level** is where the ultimate pay-off is to be found for FAO's technically informed, normative and policy guidance work. Here, global and regional objectives are translated into legally binding norms, including legislation, regulation and constitutional recognition of rights, as well as policies, strategies and programmes for institutional reform. FAO work in this regard is supported by a combination of tools, instruments and partnerships designed to work together to promote transformative change. Furthermore, FAO actively collaborates with partners to promote coordinated collective action by state and non-state actors to achieve selected global objectives.

FAO accompanies national, federal and sometimes local authorities as they work with stakeholders to set objectives, evaluate alternative pathways based on existing evidence, assemble necessary partnerships, and help mobilize public and private, and national and international, resources – including official development assistance, private finance and investment, access to markets and technology, and capacity development.

Finally, the effectiveness of FAO's work at every level hinges on its capacity and commitment to identify, understand and, where possible, address governance issues that influence the operation of food systems. Its ability to do so, however, varies across these three levels. FAO is skilled in promoting policy dialogue and coherence at global level; similarly it acts as a convener of multiple, state and non-state stakeholders, supports Member States in strengthening cross-sectoral coordination mechanisms and resolves dissonances at national and regional levels.

## 1.2. Governance in FAO's policy and technical support

The debate around institutions, the good governance agenda and related human rights approaches applied to food and agriculture introduced a new political dimension to the question of hunger, food insecurity and malnutrition, challenging production-oriented policies and their lack of success in terms of food security and nutrition outcomes. In the late 1980s, focus moved from the availability of food to the entitlement of individuals and groups to *access* food, or an adequate income or productive resources that would

allow them to either produce or buy enough food.<sup>16</sup> The World Food Summit (WFS, 1996) affirmed the multidimensional nature of food security, including access, availability, use and stability dimensions. In the WFS Declaration, governments recognized that a “peaceful, stable and enabling political, social and economic environment is the essential foundation which will enable States to give adequate priority to food security and poverty eradication (WFS Declaration, para 4).”

Through its work over the years, FAO has learned that effective policies and programmes cannot be developed and implemented without considering how global, national or local institutions and capabilities shape what happens in food and agriculture systems. Reducing poverty and achieving food security and nutrition for all involves a bargain among actors with different degrees of power, and sometimes, opposing beliefs and interests. In many country contexts, the most powerful organizations often have interests that constrain broad-based growth and development. Productive firms may be few in number and have low competitiveness, preferring to ally with some politicians to augment their incomes. In such cases, institutions that facilitate greater political inclusion may have the unwanted effect of strengthening these organizations by making their organizational and influencing activity easier (Khan, 2018a). Solutions to food and agriculture problems that are technically viable, can have negative outcomes if the assumptions or expectations are not supported in reality, or when important elements of the policy are distorted while the policy itself is under implementation.

FAO documents have recognized governance as critical for reducing poverty and achieving food security and for the effective implementation of the Organization's policy and technical support. For example, SOFA 2000 underlined that “Reducing poverty and food insecurity is not simply a question of enhancing agricultural productivity and production or of generating more income. Institutions are the structuring features that command access of people to assets, to voice and to power over their lives and that regulate competing claims to limited resources. It is fundamental to address those *institutional, governance and politico-economic factors* that tend to exclude individuals and population groups from progress” (italics added) (FAO, 2000, p. 302).

The role of local institutions, accountable to local people, in providing public goods and services is receiving greater emphasis (FAO, 2004; Marsh, 2003), as is the importance of participatory and rights-based approaches. As the “link between food security and crop failure becomes a thing of the past, the analysis of food insecurity as a social and political construct has emerged” (FAO, 2006, p.1). Many FAO documents analyse food and agriculture issues from a governance perspective, emphasizing how a governance lens can improve the implementation and effectiveness of reforms; increase the access of small-scale food producers and vulnerable populations to assets and resources; advance the eradication of poverty and hunger and increase food security and nutrition (e.g. FAO, 2007a; FAO, 2007b; FAO, 2009c; FAO, 2011b; FAO, 2014a; FAO, 2014b). The need to recognize the role of poor and of Indigenous Peoples in the co-management of natural resources and provision of ecosystem services also began to receive attention, along with the need to protect livelihoods and sources of income in order to address hunger and malnutrition. Reflecting discussions around

<sup>16</sup> The entitlements approach pioneered by Amartya Sen in the 1980s was an important contribution to these discussions. See, for example, Sen, 1993.



collective action and political economy approaches to governance, FAO publications began to articulate the value of important conceptual approaches to these issues. Governance themes featured prominently in this work.

An increasing body of technical work on the territorial approach to development, which supports multisectoral governance in local, municipal and regional contexts, are widely seen as major FAO contributions to new approaches to food security based on improved governance. Some examples of this approaches include the Livelihoods Support Programme (LSP), the ecosystem approach to fisheries (EAF), participatory irrigation management (PIM), and participatory and negotiated territorial development (PNTD) (e.g. FAO/DfID, 2000a; FAO/DfID, 2000b; FAO/DfID, 2000c; Cotula, 2002; Warren, 2002; Hodgson, 2004; FAO, 2003a; FAO, 2005; FAO, 2009a).

What these approaches have in common is the desire to overcome the limitations of earlier, more technocratic programmes and projects, and to put a strong focus on people, social and economic relationships and collective action. Stronger efforts were therefore put on the work around governance related to natural resources in particular, governance of land, fisheries and forestry tenure. This work drew attention to the important role of informal institutions (e.g. customary, religious, traditional), collective action and the social relations surrounding natural resources (including water users' associations, producers' organizations, women's associations, etc.), and highlighted the need to carefully assess and address power dynamics and relationships at and between levels of governance, from national to local. These approaches also drew attention to human rights, the importance of informal relationships and institutions and stressed the need to recognize and understand how formal and informal institutions frequently interact with each other in often contradictory ways, and how this can influence the implementation and outcomes of public policies. To a certain extent, this stream of work ran parallel to an opposing paradigm, which celebrates scientific progress and the benefits of technological innovations for the environment, health and nutrition, and food security. Governance approaches demonstrated that effectiveness of science and innovation depended very much on local institutions and power relationships. Sound science and policy hold sway only where they are supported by appropriate institutions and these cannot be willed into existence.

Another important element of FAO's work on governance is providing support to Member Nations in developing a policy and legal framework embracing a multidisciplinary approach to food security and nutrition, through participatory processes that involve a variety of political and social actors, both public and private (FAO, 2014a; FAO, 2017). Here, governance is often perceived in its institutional and coordination dimensions, and approached as administrative problem-solving. The multidisciplinary nature of food security and nutrition calls for high degrees of coordination, both between often fragmented institutions and between governance levels, and the integration of food security concerns into other policy domains or sectors (e.g. social protection, energy, trade, education, health). (FAO, 2009b; High-Level Task Force on the Global Food Security Crisis, 2010; CFS, 2012). This work also prompted the reflection within FAO on ways to improve the delivery of FAO policy assistance to member countries, in particular through better integrating the governance – in its institutional and political economy dimensions – in food and agriculture related policy work (Balié, 2009; FAO, 2011a; FAO, 2014c).

The reform of the CFS conducted during 2009, which made it more effective forum for discussing delicate issues such as land and fisheries tenure, contributed to increased attention of the Organization on governance aspects of its work. FAO has also made a significant contribution to governance for food and agriculture through a number of instruments, including the negotiation of international treaties, adopted through a global participatory process and CFS's multilaterally-negotiated voluntary guidelines. Among the most significant of these are the International Treaty on Plant Genetic Resources for Food and Agriculture, adopted by the FAO Conference in 2001, the Voluntary Guidelines to support the progressive realization of the right to adequate food in the context (FAO, 2005a), endorsed by the FAO Council in 2004, the Voluntary Guidelines on Responsible Governance of Tenure of Land, Forestry and Fisheries (2012), and the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication (2014). These instruments promote the human rights-based approach, the rule of law, social recognition and empowerment, participation and accountability, asserting the responsibility of Member States to adopt appropriate policy and legal frameworks to address the structural causes of hunger and food insecurity, poverty and malnutrition. They also underline the importance of the involvement of non-governmental actors, including men and women producers, their organizations and civil society groups, in the design and implementation of food and agriculture policies.

While adopting normative perspectives to governance (stating the desirable state of affairs which governments should work for), the FAO voluntary guidelines insist on the variety of contexts *between and within countries*, and the need to adapt policy responses and practices to specific country priorities and contexts related to food and agriculture. They focus on the reality of poor and small-scale producers, particularly women and young people; the lack of policy support for smallholder agriculture; institutional and socio-political factors that limit the access of small producers to resources and credit; insecurity of tenure; and the inequalities and power asymmetries in current food and agriculture regimes.

The Organization's more recent work – especially since establishing governance as a cross-cutting theme in 2013/2014 – explores the relevance of well-established political economy frameworks for governance analysis, recognizing that the interactions between actors with different interests, resources and power are highly relevant for determining the likely outcome of constitutional, legal, and policy reforms in different settings.

At the same time, the 'job' of governance has become more complicated because sustainable development presents a range of new challenges for policy analysis, formulation and impact. The complexity of addressing food and nutrition insecurity and poverty in the context of climate change, degradation of ecosystems and depletion of natural resources, migration, gender and other inequalities, requires a multisectoral approach. In its Sustainable Food and Agriculture Framework, FAO advocates addressing governance "related to both human and natural systems" as necessary for "developing national policies, strategies and incentives that will guide the transition to an agriculture that is highly productive, economically viable, environmentally sound, and based on the principles of equity and social justice (FAO, 2014a)."

The adoption of Agenda 2030 and its call for economically dynamic, socially inclusive and environmentally sustainable change prompted FAO's move towards food systems thinking and approaches. This evolution resulted from the recognition that the change

in how most contemporary food systems function and perform is urgently needed. It acknowledged that the agricultural policy sector is increasingly ‘decompartmentalized,’ with different actors and institutions bringing different values to the policy debate. Therefore, innovative, pragmatic and adaptive governance arrangements and the skills to address difficult tradeoffs between economic growth, environmental concerns and social inclusion are increasingly also recognized as a pivotal feature of food systems transformation and critical to achieving the Sustainable Development Goals.

This process of transformation of food systems involves negotiations, interactions and the management of different interests, beliefs and ideas among actors with different power and resources. It may also involve overlapping institutional jurisdictions and clashes between competing objectives at global, national and sub-national levels. The shift toward approaches that recognize the complexity and multidimensionality of food security and rural development challenges goes hand in hand with a move to a political-economy-oriented approach to governance for food and agriculture by FAO. The Organization is intensifying its efforts to tackle the key governance challenge tabled by Agenda 2030: increasing food and agriculture profitability while making healthy diets accessible to all, eradicating poverty and supporting social equity and inclusion, and protecting biodiversity and ecosystem services, ensuring sustainable use of natural resources and promoting climate change adaptation, mitigation and resilience. In its report on *Transforming food and agriculture to achieve SDGs*, FAO recognizes that: “The transition to more sustainable agriculture and food systems requires action that builds political alliances and coalitions with actors beyond food and agriculture. /.../ It requires “policy-makers to recognize the need to manage trade-offs, and set out concrete measures for better aligning multiple objectives and incentive structures (FAO, 2018a).”

The development of thinking about governance for food and agriculture within FAO can also be seen in the evolution of how governance is defined in FAO documents. The examples in Box 4 illustrate the influence of the approaches to governance examined in Chapter I at different points in time. More recent documents show the Organization moving away from an almost exclusively normative emphasis to a more empirical and political-economy oriented perspective that offers pragmatic support to achieving FAO’s objectives.

#### BOX 4. EXAMPLES OF DEFINITION OF ‘GOVERNANCE’ IN FAO DOCUMENTS

Land governance concerns the rules, processes and structures through which decisions are made about access to land and its use, the manner in which those decisions are implemented and enforced, and the way in which competing interests in land are managed.

FAO webpage. Land governance and planning. <http://www.fao.org/land-water/land/land-governance/en>, 2020.

‘Governance’ refers to the nature of the linkages both between actors at particular stages in the chain (horizontal linkages) and within the overall chain (vertical linkages). Understanding value chains requires understanding their complex environment. Governance refers to elements such as information exchange, price determination, standards, payment mechanisms, contracts with or without embedded services, market power, lead firms, wholesale market systems and so on.

Developing sustainable food value chains. Guiding principles. FAO, 2014, p. 10.

#### BOX 4. CONT.

Water governance refers to the processes, actors, and institutions involved in decision-making for the development and management of water resources and for the delivery of water services, encompassing the political, administrative, social and economic domains along with the formal and informal systems and mechanisms involved.

Water Governance for Agriculture and Food Security, Committee on Agriculture, Session 29<sup>th</sup> (COAG/2014/6) (FAO, 2014d, p.3, para. 4).

Governance refers to the rules and formal and informal processes through which public and private actors articulate their positions and interests for decision-making and implementation.

FAO, 2017a, p.3.

Food security governance relates to formal and informal rules and processes through which interests are articulated and decisions relevant to food security in a country are made, implemented, and enforced on behalf of members of society.

FAO, 2011a, p.17.

Forest governance refers to a set of formal and informal rules and practices that govern the management and use of forest resources.

FAO, 2017d, p.5.

Groundwater governance comprises the enabling framework and guiding principles for collective management of groundwater for sustainability, equity and efficiency. It has four components: (a) actors; (b) legal, regulatory and institutional frameworks; (c) policies and (d) information, knowledge and science.

FAO, 2016, p. 11.

Forest governance arrangements are mainly expressed through policy and institutional frameworks, planning and decision-making processes and implementation and compliance mechanisms. A number of attributes are viewed as key elements of good governance. These are transparency, efficiency, effectiveness, fairness, accountability, and participation.

FAO, 2012a, p. 9-10.

Agricultural governance is concerned with augmentation of growth and development of a country's agriculture sector and managing the consequences of this process through the effective functioning of its institutions, the application of technology and scientific innovations, the implementation of policies, adherence to acts and regulations, and active participation of all involved stakeholders.

Dasgupta, S., Roy, I. 2011. FAO-RAP Publication No. 2011/18, Bangkok, p. 3.

Governance includes the formal institutions of government and also other arrangements for achieving these ends. Governance is concerned with the processes by which citizens participate in decision-making, how government is accountable to its citizens, and how society obliges its members to observe its rules and laws. There is consensus that the features of good governance include accountability, political stability, the effectiveness of government, regulatory quality, and the rule of law, as well as control of corruption.

FAO, 2007b, p.9.

Governance refers broadly to decision-making processes and to institutional frameworks designed to facilitate these processes. It deals with, *inter alia*, participation, transparency, accountability and information. There is broad consensus that improving governance should be a priority in all countries.

FAO, 2007c, p. 10.

Fishery governance has international, national and local dimensions. It includes legally binding rules, such as national policies and legislation or international treaties as well as customary social arrangements. It is multiscale, covering long-term, strategic, planning as well as short-term operational management and local fisheries as well as whole ecosystems. It has public, private, and hybrid components that interact in ensuring administration and regulation of the sector.

FAO webpage. Fisheries and aquaculture governance. <http://www.fao.org/fishery/governance/en>

The move towards an analytical approach to governance also brought increased attention to governance and political economy analysis, which seeks to identify and evaluate the roles, interests and likely responses of key stakeholders and institutions to policy change (see Box 5) (FAO, 2017b).

### **BOX 5. GOVERNANCE ANALYSIS IN FAO'S WORK ON FOOD SECURITY AND NUTRITION IN LATIN AMERICA AND THE CARIBBEAN**

In early 2000 the prevalence of hunger, food insecurity and malnutrition in Latin America was very high, despite its economic growth and identity as one of the world's breadbaskets. In 2005, the then presidents of Guatemala and Brazil launched the Hunger-Free Latin America and Caribbean Initiative (HFLACI), endorsed by all of the countries of the region. Despite this, governance analysis of the situation identified a lack of active support and engagement as the major bottleneck to expanding and improving food security and nutrition policies in the region. There was also a lack of harmonization of the relevant social, education and health policies essential for eradicating poverty and hunger. This created a difficult backdrop for implementing technical solutions.

FAO actively supported the implementation of the Hunger Free Latin America and the Caribbean Initiative. However, an analysis demonstrated that key actors were not informed or engaged in the effort. Parliamentarians, human rights advocates and civil society organizations were largely left on the sidelines. Between 2006 and 2012, FAO supported the establishment of multiparty Parliamentary Fronts against Hunger in an effort to position ending hunger 'beyond politics.' It was backed with a combination of technical and social analyses to provide the evidence base needed to engage all relevant country and regional players to involve them in a common struggle to achieve the progressive and accelerated achievement of the right to food in the context of food security in the region. FAO also supported ministries of social welfare, highlighting the key role of social policy in the fight against hunger. This process ultimately led to first Declaration of Heads of State and Government of the Economic Community of Latin America and the Caribbean (CELAC) in 2013 and the Plan for Food Security, Nutrition and Hunger Eradication 2025, which incorporated the need for strengthening policies and institutional and legal frameworks as promoted by the Hunger Free Initiative.

*Source: Interview with Ricardo Rapallo, FAO Representative, Guatemala, 2018.*

At the time of the launching of FAO's new Strategic Framework in 2013, the work of the Organization was highly fragmented, and tightly linked to disciplinary and divisional frameworks. The possibility of developing a shared framework to analyse and address priority governance challenges related to food and agriculture was however foreseen. The next section introduces key features of an FAO-relevant framework for governance analysis for food and agriculture.

## 2. Governance analysis for agrifood systems transformation

Any FAO-relevant approach to governance should build on the expert debates and lessons learned around governance as well as the work and experience of the Organization over the past thirty years. The approach should also support the formulation of practical strategies for achieving the vision of the 2030 Agenda for transforming agrifood systems. Steering an economy toward sustainable development is an immensely complex task that will challenge even the wealthiest and most capable societies. To eradicate poverty, hunger and all forms of malnutrition while redirecting the global economy toward economically, socially and environmentally sustainable development will require new and ever more effective forms of collective action within and among nations. FAO, with its mandate to support the separate and collective action of its Members, has special responsibilities for promoting the development of these capacities, through institutional innovation, technical analysis, design and application of norms and standards, and the development of human capabilities.

Traditional governance analysis focuses on the formal and informal institutions (rules and organizations) that govern a given country's food and agriculture systems, while political economy analysis illuminates the potential impact of policies and programmes on the structure of social interests and political power. Together, these two types of analysis can help stakeholders understand the interests and influence of different social groups and actors involved in policy-making and implementation, and the processes through which competition, tradeoffs and conflicts must be managed (e.g. through consultations, negotiations, and coalition- or alliance-building). FAO's technical approach to governance should thus strive to understand both the rules of the (policy) game, which can be described objectively, and the political economy dynamics that influence the design of those rules and the way stakeholders play the game. The approach should be characterized by three key features: i) be analytical, pragmatic and flexible – a means of understanding, not a technique for intervening; ii) committed to problem-solving and to iterative collective learning processes and be iii) forward looking, leading to technically viable and politically feasible policies and programmes. These are explored in some detail below.

### 2.1. Analytical, pragmatic, and flexible

There are many frameworks and tools that policy-makers, practitioners and development agencies can use to analyse and understand governance. Much of the available guidance, however, does not sufficiently address the operational or practical requirements for problem-oriented development work. A useful approach to governance in food and agriculture must be practical and based on sound and objective technical analysis. The approach should help practitioners design effective working solutions to concrete problems. Importantly, it should emphasize that the best solution may be one that, while incomplete or deficient in some respect, begins an iterative process of collective action and learning.

FAO's approach to addressing governance issues at the country level thus aims to be problem-oriented, empirical, and pragmatic, defined by a commitment to iterative, bottom-up, and experimentalist approaches to more effective governance. It moves beyond prescriptions on what institutions and policies *should look like*, and, recognizing the complexity of poverty and food insecurity and malnutrition problems, explores the institutional and political realities that shape policy adoption and implementation.

FAO's work in this area is advisory and facilitative, leaving explicitly political judgements to the responsible authorities. The norms that bind are themselves the expression of the collective will of the Members as expressed through decisions of FAO governing bodies and relevant international treaties and agreements.

Governance analysis should be undertaken alongside technical analysis and multidisciplinary research to improve our understanding of why food systems underperform. Evidence-based policy-making seeks to place scientific knowledge and its associated assumptions at the centre of political decision-making. Yet, generally speaking, even the scientific framing of an issue is often influenced by political interests: the selection of problems to be addressed, agreement on the evidence to be produced, and the nature of the decisions taken often shape the solutions that are agreed. Implementation is a phase of collective decision-making where political interests always exert a great deal of influence, particularly in situations where a high degree of informality prevails.

A key governance insight is that policy design must take account of the circumstances in which the policy is to be implemented. The framing of an issue will determine who gets involved, and how solutions are decided. Governance analysis aims to increase the understanding of how, in a given country or sector, structures, institutions and the exercise of power and authority intersect in policy-making and implementation processes and how interests, values and preferences emerge and are expressed in the political sphere. Here, we find individuals, groups, organizations and coalitions competing or cooperating for access to resources, establishing rights and enforcing laws, and setting rules or norms to influence the functioning of food and agriculture systems.

The approach to governance should be flexible and adaptive. At the national level, there are huge differences in structures, capacities, economies and stages of development. FAO must work with what it finds in a given situation. Any policy or institutional change implies a departure from the status quo; interests will be affected in different ways, often provoking resistance. Governance analysis and reflection can stimulate ideas on how to tackle capacity and coordination gaps, process-related bottlenecks as well as power and information asymmetries.

In other words, balancing technical considerations with social interests allows more realistic and effective options for action to emerge in partnership with host governments and key stakeholders at national or local levels.

## 2.2. Problem-oriented and committed to iterative learning processes

A useful and practical approach to governance in food and agriculture helps practitioners convene and facilitate collective action to design working solutions to concrete problems.

Consistent with the political economy approaches to governance, FAO should focus on a specific, priority food and agriculture-related problem that must be addressed in order to trigger or sustain a process to transform food systems, improve food security and nutrition, eradicate rural poverty and promote sustainable use of natural resources and resilience to climate change. Focusing on a priority problem with a clear metric for success in a framework committed to iterative problem-solving, helps to reduce

the risk of engaging in complex, open-ended discussions about multidimensional challenges. Starting with a clear metric makes it possible to assess interactions with other objectives and to identify collateral actions that amplify co-benefits (synergies) and minimize trade-offs.

A problem-centric approach also serves as a concrete entry point as it anchors the analysis, in a clearly defined, real-life, high-impact problem that a country may have struggled with for some time. There are many examples of projects that went down one path only to realize in hindsight that they should have gone down another. Many programmes or projects delivered a seemingly breakthrough result only to find that it could not be implemented or that it addressed the wrong problem. Focusing on a key problem also motivates change: placing the issue at the forefront gives the work a clear purpose. Finally, it allows for more efficient processes; no country has sufficient resources to address all, or even more than a few of the major issues encumbering their food systems at any given time. Systemic change unfolds over time. Focus and prioritization are keys to creating confidence and political momentum.

Governance analysis should not be undertaken as a one-time exercise. FAO's experience, and that of many other institutions, suggests that lasting success or solutions are discovered through a process of trial and error.<sup>17</sup> This conflicts with many current project management frameworks, which lean on prefabricated solutions or a project concept and goals with unrealistic timeframes. Experience has shown that such methods seriously limit positive outcomes because they do not allow for the necessary learning feedback loops to take hold during implementation, especially when the success of an intervention hinges on institutional and policy changes. Indeed, modern organizational development theory has long questioned the validity of prefabricated, conventional methods, and it is overdue that the development field finally pays wider tribute to these findings.

In complex social processes, conditions change constantly and permanently. A solution that is suitable at one point in time may easily prove inadequate a short time later. Shifts in political administration or leadership and policy preferences, changes in macro or microeconomic conditions, and even institutional changes inspired by successful implementation of project activities can easily lead to substantial alterations in the actual initial conditions requiring adaptations in development support. In the case of programmes, addressing complex issues like poverty reduction, natural resource and disaster risk management, an approach that allows the continuous revision and adaptation of strategy (given a dynamic sociopolitical or economic context) has significantly higher chances of success than one that assumes initial conditions remain static throughout the cycle of policy intervention.

<sup>17</sup> See Sundaram and Chowdhury (2012) and Andrews, Pritchett and Woolcock (2017).



### 2.3. Forward looking, leading to technically viable and politically feasible policies and programmes

In large part, governance and political economy analyses have been limited in their ability to provide potential solutions to the challenges facing agrifood systems because they mostly focused on diagnosing what is not working and why. Such analysis is essential but incomplete without due attention to institutions and social relations. These ground-level realities, as much as the policies adopted, will determine how the policies are implemented and their ultimate impact.

FAO's approach to governance is deliberately action-oriented. It differs from earlier approaches to governance in its attempt to be not only informative, but also operationally useful, and its emphasis on action extends beyond analysis. Combined with technical analysis (biophysical, geospatial, etc.), governance analysis provides a richly nuanced understanding of the institutional and social contexts, determine how different actors will be impacted, anticipate likely reactions and support efforts to build a coalition of actors with interests sufficiently aligned to support and sustain the policy. National ownership is a fundamental principle of the 2030 Agenda and of all of FAO's work in governance. The objective of governance analysis, conducted jointly with governments and other concerned stakeholders, is to help identify appropriate pathways that lead to viable and sustainable solutions.

The proposed framework, outlined in the next chapter, is not intended to turn FAO professionals and agrifood systems practitioners into governance experts. It aims at helping them to focus their attention where it is most needed, adopt more realistic and politically-sensitive approaches to policy and technical support, and evaluate whether a proposed solution is sufficient to achieve the desired outcome. This implies that the findings from stakeholder and political economy analyses will be crucial to find the most viable and realistic pathways to address priority problems. Such realistic and politically feasible solutions must be developed in partnership with host governments, which have the final say as to whether or not to implement them. They must also involve key stakeholders at national or local levels.<sup>18</sup>

<sup>18</sup> FAO adopted strategies for partnerships and engagement with civil society organizations and private sector during the 146<sup>th</sup> Session of the FAO Council. The Strategy for Private Sector Engagement was revised in 2020, and adopted during the 165<sup>th</sup> Session of the FAO Council (<https://www.fao.org/3/nd961en/nd961en.pdf>), as FAO's Strategy for Private Sector Engagement 2021–2025 (FAO, 2021a).



© FAO/Patrick Zachmann/Magnum Photos

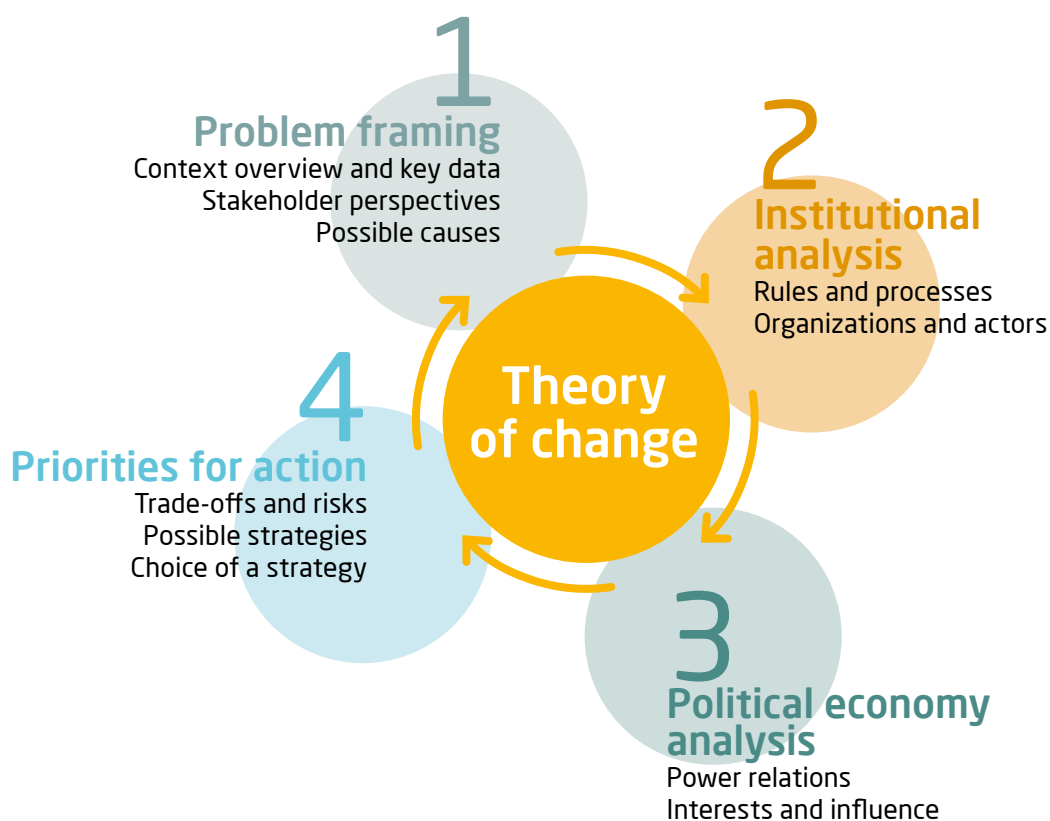
# III Basic framework for governance analysis

Drawing from academic and development debates on governance and from FAO's own research and experience, the proposed framework for governance analysis focuses on both institutions and the political economy of food and agriculture.

The goals of the analysis are threefold. First, it guides the design and evaluation of technical solutions, which must be informed by a realistic appraisal of the political, economic and social context for which they are being designed. Second, it helps to identify key stakeholders, including the poor and politically voiceless, who must be consulted and engaged, as well as the vital substantive issues and interests that need to be addressed in the decision-making process to ensure outcomes that are both workable and legitimate. Third, it provides political and social parameters for institutional adaptation and development.

The analysis is structured in four interrelated phases, summarized in Figure 2.

Figure 2. Basic framework for governance analysis



Source: Authors

The analysis starts with an examination of *various perspectives around the priority problem(s) to be solved*. This will include a rapid overview of the country and sector contexts, stakeholder mapping, a technical analysis, and the sharing of perspectives by key stakeholders. Coming to a common conception of the problem is a fundamental but challenging step in formulating an effective strategy for change.

The second phase of the analysis examines *the institutional setting*, mapping the problem statements to institutions. It attempts to identify the main drivers/sources of identified problem(s) and their possible solutions in the existing rules, structures and processes. The third phase focuses on key actors, and looks at the *political economy* factors (i.e. power relations, interests and the influence of the concerned actors and organizations) that may need to be taken into account in formulating a programme of institutional change and building the coalition that will foster its implementation. Building on the findings of Phases 1 to 3, the final element of the analysis identifies *strategic actions for transformative change*. Through this phase, stakeholders recognize trade-offs and risks of different courses of action, and seek to build consensus around the impact of actions on different actors. The key outputs of this final phase of the analysis are an agreed theory of change and recommended course of action.

The four phases of governance analysis are closely interlinked: they have been divided here for clarity. The entire process is experimental and iterative. It encourages social learning, where different findings of analyses are revisited continuously and more knowledge is generated and new questions arise through each cycle.

The framework relies on a multistakeholder engagement allowing key stakeholders to co-create knowledge while helping to build trust and create a coalition for transformative action.

The process of analysis can vary in scope, depth and methods. There are many tools – developed by FAO and others – that can be used during the various phases of the process. Often, a combination of several tools will be the most appropriate way to create a comprehensive picture.

## Phase 1. Problem framing

**“If I were given one hour to save the planet, I would spend 59 minutes defining the problem and one minute resolving it.”**

Albert Einstein<sup>19</sup>

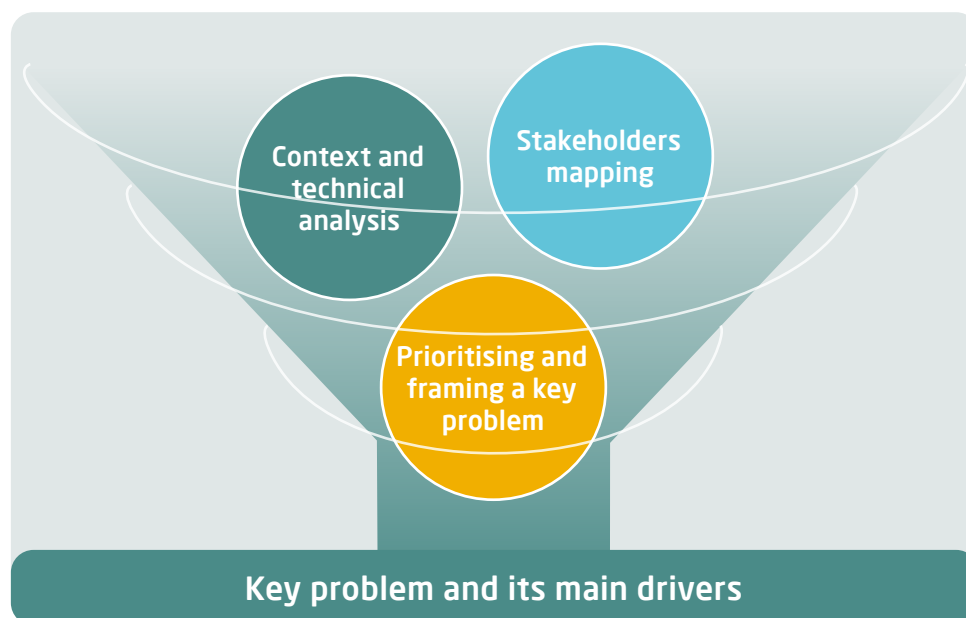
Food and agriculture problems are highly complex, containing several elements, multiple possible causes and interdependencies. They are thus difficult to frame in a simple, clear statement that is agreeable to different stakeholders. To avoid being overwhelmed by this complexity, it is important to focus the analysis on a specific and solvable problem, rather than trying to address high-level food and agriculture challenges (e.g. water scarcity, healthy diets, rural poverty).

<sup>19</sup> Spradlin, 2012.

The framing of the problem should not be taken for granted. A given problem is often perceived differently by different actors. For example, large export farms, small-scale farmers, government institutions in charge of agriculture, water and energy, environmental organizations and consumers may have a very different perception of the key problems in food and agriculture (e.g. agricultural productivity; natural resources management; nutritional value of available food; food safety). Bringing their different perspectives together can be challenging but it is indispensable to enable effective collective action. The process of building consensus among key actors can be initiated by looking at three key aspects of framing a problem:

1. What is the core problem?
2. What are the drivers of the problem?
3. What are the preferred solutions?

Figure 3. Framing the core problem



Source: Authors

### 1.1. What is the core problem?

The objective of the first phase is to generate a consensus among key stakeholders as to the key problem and a shared understanding of its nature. This does not require complete agreement about the nature of the problem, but the actors should understand each other's positions well enough to enable open dialogue and to exercise collective intelligence about how to solve it. The exercise will normally identify several perspectives; some may reflect different aspects of the same problem, while others may draw attention to the stakeholders' different priorities.

The process can start by inviting the stakeholders to articulate their views around the key problem. Stakeholders will include representatives from government, civil society and the private sector at one or more scale and sector. Involving a diversity of stakeholders ensures a range of insights and perspectives and contributes to build trust, defuse conflict and reframe issues in a more holistic way. It also helps to ensure that problem-solving is locally driven and practically implementable.

Although participation should be sought to its fullest extent, it also brings a number of challenges, and should be balanced against the efficiency and effectiveness of the process. From the initial large list of stakeholders, it will be necessary to identify those that need to be engaged more deeply. This list may evolve and change as the analysis proceeds.

The **identification of the key stakeholder groups to be more deeply engaged will** follow from the characterization of the problem. The 'Key stakeholder' will be any person or, more often, a group of persons whose collaboration is required to solve the problem or who may be materially affected by the solution. Stakeholders can be ministries and other government agencies, represented by ministers or mid-level officials; water user associations; farmer cooperatives; producer organizations; agricultural export companies; retailers; transporters; Indigenous Peoples; small-scale and large-scale farms; small and medium enterprises; women's groups; and political parties, to name but a few. None of these categories is homogenous. Within a government, for example, there are actors with different levels of knowledge, skills and capacities. The same is true for other categories of stakeholders.

The relative power, resources and influence of different stakeholders will bear on their ability to support a given perspective on the problem and to inform policy choices and action. Providing a voice to all stakeholders will not be enough to ensure a fully inclusive process. It is important to identify gaps in evidence as additional information may be needed to support certain perspectives.

Ensuring an undistorted problem framing is in itself a governance issue: the way the problem is framed determines the range of policy options and interventions to address it. For example, if the problem is framed as a lack of micronutrients, the preferred solution could be supplementation and fortification. On the other hand, if the problem is framed as access to a healthy diet, the solution will involve a much broader range of interventions, such as investing in producing more fruits and vegetables and ensuring their affordability.

## 1.2. What are the main drivers of the problem?

Discussions around problem framing should uncover possible drivers and contributing factors. Generally speaking, there are many drivers that impact the functioning and sustainability of food and agriculture, and they differ according to a country's specific context.

Drivers can be considered as the causes – internal or external to food and agriculture – that influence function, performance and, ultimately, outcomes i.e. food security and nutrition, natural resources and livelihoods. The High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security (HLPE, 2017) identified five main categories of drivers that influence diets and nutrition outcomes of agrifood systems: biophysical and environmental drivers; demographic drivers; innovation and infrastructure drivers; political and economic drivers; and socio-cultural drivers.

**A rapid context overview** helps identify the main drivers behind a given problem in a country or a territory. Context can be defined as the environmental and social conditions that influence or determine key outcomes identified in the problem statement.

The context overview thus initiates a **preliminary analysis of the problem**. How did we get into this situation? Why does the problem persist? Why is change not happening? What are the main drivers that contribute to the problem? Which one should be prioritized for action? In line with the iterative nature of governance analysis, understanding the problem drivers will be progressively enriched during the second and third phases of the process.

A note of caution concerning the preliminary problem analysis is necessary. Considering the complex nature of food and agriculture problems, it will rarely be possible to elaborate a fully deterministic *causal* analysis of the problem; it is unlikely that any single driver or factor will be sufficient to explain a problem fully. Rather, problems tend to arise from the interactions among different drivers. That having been said, understanding the specific problem in all of its dimensions is a useful outcome of the identification of problem drivers. It is important to consider possible patterns and correlations between certain drivers and identified problem, and attempt to rank them in terms of both their relevance and priority to different stakeholders (see Box 6).

#### **BOX 6. THE CHALLENGE OF SUSTAINABLE AGRICULTURAL TRANSFORMATION IN VIETNAM: FRAMING THE PROBLEM**

Agricultural growth has made a significant contribution to Vietnam's economic and social development and stability. However, increasing competition for resources by other sectors, changing demands in national and international markets, and rising costs has forced the agricultural sector to rethink its way of working. In 2013, the Vietnam Government adopted the Agricultural Restructuring Plan (ARP), which shifts emphasis from a heavy reliance on central planning to an approach in which decision-making is increasingly devolved to market actors responding to market opportunities and forces. The ARP seeks to accomplish this transition, while at the same time safeguarding the rights and livelihoods of the country's largely small-scale producers.

Several years later, translating this vision into practice remained a major challenge. Among the key issues identified was the lack of strong strategic capacities - in market development, private sector promotion and trade - and institutional organization within the agricultural sector. The latter related in particular to agriculture investment planning and agricultural sector monitoring. In both areas, substantial changes were needed, involving a realignment of responsibilities, extensive information sharing between government and private actors, and new institutional arrangements for the co-production of services.

In order to improve the implementation of the ARP, the Ministry of Agriculture and Rural Development (MARD) removed legal hurdles to implementing new institutional processes, and restructured public investment planning in the agricultural sector. This was reflected in the USD 320 million Vietnam Sustainable Agriculture Transformation Programme (VnSAT), whose policy and institutional reform component prioritizes policy, legal and institutional changes in the sector.

With support from FAO, the MARD decided to carry out a stakeholder analysis to determine how best to organize work in the selected priority areas and how to realign future responsibilities. The analysis showed that: i) reforming public sector investment in agriculture is a delicate process; MARD needs more leverage but the autonomy of the provinces must also remain intact; MARD will also have to develop more specific strategies to promote private sector investment in agriculture; ii) beneficiaries and other stakeholders could be more closely involved in monitoring and evaluation (M&E) processes; and iii) more refined market development strategies, especially for the planned increased involvement of the private sector were needed.

#### BOX 6. CONT.

The results of the stakeholder analysis fed directly into the design of the institutional and policy reform that MARD is implementing under the VnSAT. A transition team made up of representatives of all relevant MARD directorates and departments, as well as members coming from the provinces was established to lead the effort. The information derived from analyses provided substantial inputs to the design and implementation of the planned institutional reform in Vietnam. Not only the reform itself, but already the stakeholder analysis required a strong buy-in to ensure success and relevance for national actors. Involving all relevant actors in the process contributed to legitimizing the process of reform and increases the chances for its implementation and effectiveness.

Source: Vietnam aspires to a sustainable agricultural transformation, Urban and Feiler, 2014.

### 1.3. What are the preferred solutions?

Basing discussions around the core problem and its main drivers will allow stakeholders to consider possible options or scenarios to solve it. It will be important to consider a variety of possible solutions. There will be different perspectives, interests, evidence and values and these will inform the solutions under consideration.

The awareness of these differences among stakeholders will also inform the institutional and political economy analysis that follow.

The outcome of the first phase of the analysis should be an agreement among the key stakeholders on the priority problem, its drivers and possible solutions.

For example, if increasing obesity is considered a high-level priority problem in a particular country, discussions among key stakeholder may reveal that this is due to a high consumption of high-energy and nutrient-dense foods. Other drivers may include the intensification and homogenization of agriculture; urbanization and associated changes in lifestyles; access to information and education; inefficiency in the use of natural resources, etc. A possible solution would involve increasing the production of fruits and vegetables. Yet for this to happen, a mix of policy instruments will be needed, i.e. to convince people to consume more fruits and vegetables and to persuade farmers of substantial market opportunities and protection against risks if they were to move into the production and sale of highly perishable commodities. Consumers will need sufficient income to buy healthy foods. There must be sufficient natural resources (e.g. land and water) available to enable adequate production of fruits and vegetables. This illustrates the fact that a problem can be framed in several different ways depending on a country's priorities: as a problem of consumer awareness and behavioural change; as a problem of access or affordability of healthy diets; as a problem of incentives to produce and sell nutritious food; as a problem of available natural resources; or as a problem of investment in efficient transportation and storage.

The process may thus often result in a multidimensional statement of the problem, with differences among actors on its drivers and preferred solutions. These will be looked at in more detail in institutional analysis.



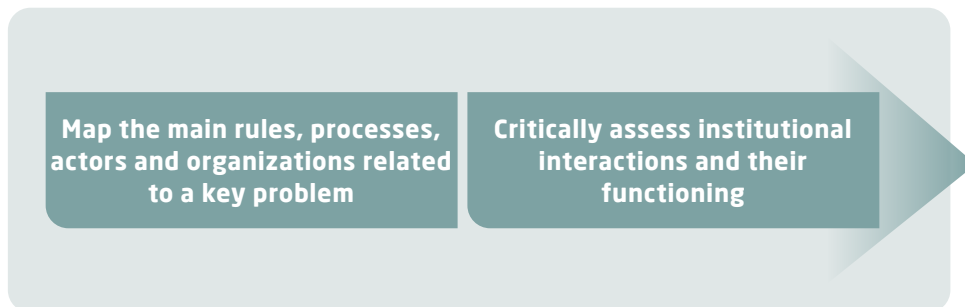
## Phase 2. Institutional analysis around the core problem

The organizations that come into existence will reflect the opportunities provided by the institutional matrix. That is, if the institutional framework rewards piracy, then piratical organizations will come into existence; and if the institutional framework rewards productive activities, then organizations - firms - will come into existence to engage in productive activities.

Douglas C. North, 1993.<sup>20</sup>

The institutional analysis starts by mapping the main institutions that shape stakeholders' decisions and behaviour related to the identified problem (see Figure 4).

Figure 4. Key institutions

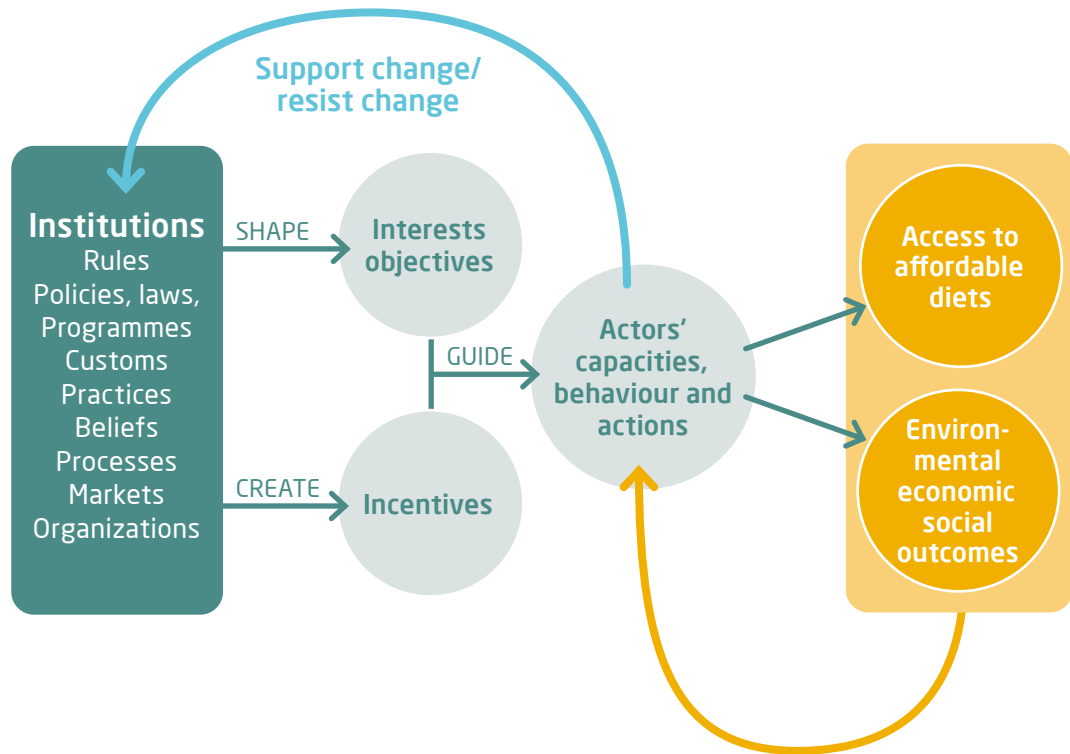


Source: Authors

Institutional analysis often focuses heavily on formal rules, such as policies and laws. While policy analysis is important and necessary, it is critical to go beyond desk studies to look at a wider set of factors that interact to shape the incentives for stakeholders to behave in particular way. Whether the focus is on healthy diets, market access or the environment, it will be necessary to consider a range of interactions between relevant institutions and actors' behavior and actions (see Figure 5).

<sup>20</sup> North, D.C. 1993.

Figure 5. Institutional interactions: reflexivity



Source: Authors

The analysis can focus on three interrelated institutional functions:

- i. Institutions as drivers of the problem
- ii. Institutions as remedy or enablers of the solution(s) and their expected outcomes
- iii. Institutions as the basis for synergies or trade-offs between environmental, economic and social objectives.

### 2.1. Institutions as drivers of the problem

Institutional bottlenecks are often at the root of poor food and agriculture outcomes (see Chapter 1). These may be inadequate regulatory frameworks; insecure or inequitable land or water tenure; unclear mandates and limited capacities of regulatory authorities; insufficient budgets or collective action failures at the local level. Nor are institutions static. They tend to change over time given different circumstances and various processes at sub-national and national levels.

The analytical team in charge of the analysis should study the policies, strategies, laws, norms and rules (so-called ‘formal institutions’) as well as traditions and practices, socioeconomic and cultural factors (so-called ‘informal institutions,’ see Box 7) related to the problem at hand. In many countries, institutional factors perpetuate the exclusion of certain groups (e.g. small-scale farmers, women, Indigenous Peoples) from decision-making processes and access to resources, credit or services. For example, smallholder farmers may experience difficulties in accessing adequate market information and contractual arrangements, accessing markets and adapting to food safety standards.

Such institutional bottlenecks may be revealed through desk studies and consultations with key actors and stakeholders.

The analysis should also look at relevant organizations (e.g. national state and sub-national level offices and agents, traditional authorities, producer, user and interest groups, communities and the private sector). Key individuals with authority and influence in these different organizations (e.g. ministers, high-ranking bureaucrats, influential farmer groups, traditional chiefs) play a fundamental role in the functioning of food systems. Furthermore, certain external actors, including neighboring governments, development partners (e.g. international finance institutions, agriculture extension services, nutrition programmes, international agencies providing technical assistance on water, agriculture or food policy) and foreign investors (e.g. private businesses involved in public-private partnership projects, foreign agribusinesses) can influence the way institutions work. These roles and relationships need to be analysed and understood.

### BOX 7. FORMAL AND INFORMAL INSTITUTIONS

Distinguishing between formal and informal institutions can be problematic. According to most authors, the main differences between formal and informal rules relate to their origin, enforcement and form (e.g. formal rules are generally written down and codified, established and enforced by the state, while informal rules are established by society, are self-enforced and generally unwritten). However, such a straight forward demarcation can be ambiguous. For example, formal rules can be applied and interpreted in different ways by administrative units (or individual officials) thus becoming de facto informal rules with a different meaning from the original intention.

Formal and informal rules should not be confused with 'traditional' and 'modern' rules. So-called 'traditional' rules can be written down or codified by law, while 'modern' rules can have the status of informal ones. One interesting example is the British constitution, which is comprised of domestic laws - some going back to the Magna Carta and the Act of Settlement of 1702 - and includes formal electoral laws and informal conventions, such as collective cabinet responsibility.

Generally speaking, the following are informal rules: a) extensions, elaborations, and modifications of formal rules outside the official framework; b) socially sanctioned norms of behavior (attitudes, customs, taboos, conventions, and traditions); c) enforcement characteristics are self-enforcement mechanisms of obligation, expectations of reciprocity, internalized norm adherence (standard operating procedures), gossip, shunning, ostracism, boycotting, shaming, threats and the use of violence.

Source: Leftwich and Sen, 2010; De Soysa and Jütting, 2007.

Formal and informal institutions coexist in both developed and developing countries. However, the nature of the relationship between them may vary from country to country; this can be complementary, competing or neutral.

In a globalized world, the increasing vertical integration and alliance formation in agricultural marketing channels and markets (e.g. contract farming, sharecropping, farmers' organizations) often favour medium to large-scale farmers over small-scale producers, who often suffer from a lack of organizational and collective action capacities.

The institutional analysis will help identify the rules, norms and practices that influence household livelihood strategies, decisions and behaviours and the outcomes that have led to the identified problem.

Going back to the previous example, if the problem is lack of access to healthy food, the analysis may point to the following institutional drivers: lack of government support for the production of nutritious food; inappropriate marketing strategies; insufficient retail availability of healthy foods in rural areas; inequalities in access to subsidized inputs and irrigation technology; lack of or inaccessible information; ineffective collective action and organizational capacities; relative affordability and availability of high-energy food; lack of awareness; strong food safety regulations making healthy food highly expensive or unavailable at the market; inclusion of high-energy and nutrient-dense food in food safety net programmes, etc.

## 2.2. Institutions as remedy or enablers of solutions/expected outcomes

Just as they can determine the nature of a problem by conditioning stakeholders' actions and behaviour, institutions are also critical enablers of policy interventions to address the problem.

For example, providing an agriculture service requires certain skills and capacities as it often involves interactions between service providers, farmers, traders, intermediaries, government authorities, policy-makers and regulators. The competent government authorities should thus have sufficient resources and capacities to coordinate and monitor the synergetic implementation of the service, including the engagement of the various actors.

In many cases, some of these actors, such as agribusiness companies or large-scale agricultural firms, may influence the way services are provided in practice. Similarly, various forms of collective action such as producers' organizations or cooperatives, can help rural women and men increase their productivity and incomes by enabling them to negotiate better prices for their produce, and access needed resources, services and markets, and influence decision-making processes at local and national level.

The analysis should thus look at the availability of resources and capacities for implementation, whether human, administrative or financial. It should also look at relationships between relevant institutions, formal and informal channels of communication, decision-making, planning, budgeting and coordination processes to determine their effectiveness, potential conflicts, and their influence on decisions and actions.

The example in Box 8 illustrates the importance of understanding how institutions function and support the implementation of policies. Land tenure institutions are invariably unique to a given country and even territory because they stem from historical patterns of settlement and development. Moreover, they are rooted in value systems and grounded in the religious, social, political and cultural history of their surroundings. In many countries, formal and informal land institutions often co-exist and are influencing each other. Progressive land policy and legislation, which integrate values such as gender equality and respect for the rights of Indigenous Peoples, have little chance of being implemented if the existing structures, values, ideas, culture and

capabilities are not conducive. The same is true for other institutions in the various domains of food and agriculture, such as water, forestry or fisheries management and use, value chain development, food safety and nutrition.

### **BOX 8. LEGAL PLURALISM AND WOMEN'S LAND RIGHTS IN MOZAMBIQUE: HOW INFORMAL INSTITUTIONS ENABLE OR PREVENT THE ENFORCEMENT OF PROGRESSIVE LAND POLICIES AND LAWS**

In Mozambique, agriculture is the main source of food and income for rural households and is characterized by subsistence farming. Family farming, with 3.7 million small farms per average area of 1.1 ha/family, dominates the agricultural scene. Customary law has considerable influence in Mozambican society, and community and traditional authorities are the first port of call for conflict management for the majority of the population, particularly in rural areas.

Mozambique is internationally recognized for progressive legislation and policies that acknowledge the land rights of rural communities and promote gender equality. The Constitution of Mozambique recognizes customary systems for conflict management and resolution (legal pluralism) as long as these systems do not contradict constitutional values and principles (Article 4). The land law turned de facto customary rights into de jure tenure by recognizing customary norms and practices as one way to acquire formally-recognized "Direito de Uso e Aproveitamento da Terra" (DUAT), the right to land use and benefit. The land law also guarantees women's rights over land and ensures that customary law takes second place to constitutional principles. Mozambican legislation is mostly aligned with the internationally accepted standards of good practices provided by the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT).<sup>21</sup>

Nevertheless, there is still significant gender inequality in the country, both in urban and rural areas. Community lands are managed under customary tenure systems and there is much empirical evidence that, under such systems, women do not have equal rights to hold, manage, transfer or inherit land. The dispossession of women and children from their homes and lands after the death of their husbands/partners is quite common in both rural and urban areas. Women are often discriminated against in the customary and formal systems in matters of land tenure. Because informal conflict management systems are strongly influenced by customary practices, which discriminate against women, gender equality, although enshrined in Mozambican legislation, is a distant and hard to achieve target.

In recent years, there has been a slow but steady increase in awareness around gender equality and women's rights. This process of change is occurring due to a growing number of training courses given by the government, its counterparts, international development agencies and civil society organizations (CSO), which have had been supported by FAO. This work is progressively curtailing the negative aspects of local customs and traditions. The CSOs and the paralegals play a key role in this process. They are key actors in land-related conflict resolution and awareness-raising about statutory law in rural areas.

Source: FAO, 2017c.

<sup>21</sup> FAO, 2012b.

### 2.3. Institutions as levers of synergies and trade-offs

Many food and agriculture issues have ramifications for interest groups and government agencies in other policy arenas. Institutional analysis will also point to issues related to alignment and coherence across sectors, actors and governance levels. Policy coherence is a crucial aspect of governance, and may often be a key contributing factor to a given problem.

Policy coherence is generally ensured through planning, budgeting and coordination processes. However, even if relevant policies and strategies do promote coherence on paper, their implementation may result in trade-offs between economic, environmental and social objectives, thereby undermining positive outcomes on food and agriculture systems.

For example, policies that provide incentives to farmers to grow more nutritious crops such as fruits and vegetables may well improve the availability of more nutritious food, but may risk increasing water consumption and aggravating water scarcity. Nutrient-dense foods are also the most perishable and likely to be lost or wasted. Strengthening food safety standards could result in increased food loss, higher prices, and reducing the livelihoods of small-scale producers while favouring larger farms and corporations that may be better able to adapt to the new standards.

Such trade-offs often occur because of the way governments are structured. Government administrations are generally organized in a way that enables them to respond to demands from specific parts of society. In most countries, there are separate ministries for primary, secondary and tertiary industry, transport and other infrastructure, health, labour, regions, environment, etc. This promotes informational flows that are useful to policy development in these sectors. At the same time, it creates a symbiosis between a sector's interests and those of the department responsible for that sector, leading to a degree of 'sponsorship' in decision-making (OECD, 2005). Such sector-specific resource flows and incentive arrangements are rarely conducive to an integrated policy approach. While planning or finance agencies are generally expected to provide broader perspectives, they may not be called to make policy decisions and their limited resources often need to be deployed elsewhere (e.g. on budgetary matters) rather than on coordinating tasks. In many if not most countries, there are some forms of cross-sectoral coordination mechanisms to promote policy coherence across different sectors. However, in most cases, such mechanisms are ineffective. Budget allocation, which allows for the alignment of plans for joint programmes and projects, is often missing. Yet budget procedure remains actually one of the important effective means to facilitate integration and coordination between sectors and actors.

**The outcome of the institutional analysis** should be an agreement by key stakeholders on the main factors blocking effective interactions among actors and the implementation of rules, as well as on key trade-offs among different objectives. There should also be a loose agreement on a possible package of actions for institutional reform (e.g. interventions focused on markets, incomes, consumer marketing, natural resources) at different governance levels (see Box 9).

## BOX 9. IMPLEMENTING EFFECTIVE DISASTER RISK REDUCTION IN THE AGRICULTURE SECTOR IN THE PHILIPPINES: INSTITUTIONAL ANALYSIS

The Philippines is one of the most disaster prone countries in the world. The livelihoods of thousands of small-scale farmers and fisherfolk are frequently put at risk by typhoons, floods and other extreme weather-related events. Following such events, crop yields and animal production often decline, agricultural and fishing infrastructure is damaged, machinery and fishing gear are lost and the livelihoods of smallholders are destroyed. Climate change is further aggravating the impact of such events on people who derive their livelihoods from natural resources. The country has elaborated comprehensive national policies and laws around disaster risk reduction and management (DRR/M) in agriculture. Nevertheless, the incessant typhoons continue to cause considerable damage and losses of lives and assets in agricultural areas, revealing a gap between the policy and laws and their effective implementation.

In 2008, FAO supported the Philippines Department of Agriculture to carry out an institutional and capacity assessment, which revealed the need to facilitate the integration of DRR/M in agriculture and to improve coordination between relevant sectors and actors. There was already an institutional mechanism in place in the form of national, regional and local Disaster Risk Reduction and Management Councils (DRRMC). However, the DRRMCs were created to respond to crises and shocks and lacked the knowledge and capacity to promote resilience through disaster risk management in agriculture. The analysis revealed a number of governance related factors that stood in the way of integrating DRR/M in agriculture planning: bottlenecks in the flow of weather-related information from national to community levels; and the lack of common vision and incentives around DRR/M by local government units and communities.

The findings of the analysis were used to adapt FAO's work and activities to support the government. The quality, dissemination and timeliness of weather data and information were addressed through better communication between the government and other stakeholders. FAO assisted the government to facilitate a partnership between the Department of Agriculture, Geophysical and Astronomical Services Administration and local government bodies. This fostered cooperation, information exchange, capacity development and translation of climate information into agriculture-specific advice. Good practices for disaster risk management and climate change adaptation were introduced, and resulted in significant reduction of damages during the third cropping season.

To increase local buy-in, participatory planning methodologies were also adopted by the government. FAO facilitated the development of a national and regional action plans for DRR/M in agriculture. More than 30 community DRR/M plans were devised in partnership with local actors and communities. Active engagement of communities and local actors in Farmer Field Schools and in testing DRR/M good practices created trust and strengthened relationships which in turn facilitated the planning process and the adoption of the National and Regional Action Plan. The process recognized the need to create evidence at field levels to support informed planning and upscaling. The evidence could further justify promoting mainstreaming of DRR/M into planning and policy at all levels.

Addressing governance issues took time and required continuity and consistency, but it contributed to the effectiveness of FAO's work at the country level.

Source: Mascarinas *et al.*, 2013. Interview and contributions from Stephan Baas and Nina Koeksalan.

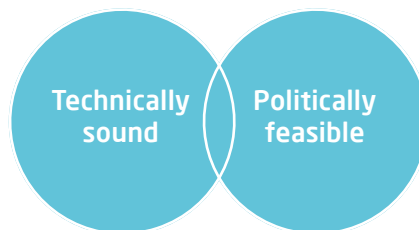
### Phase 3. Political economy analysis

There is nothing more difficult to carry out ... than to initiate a new order of things. For the reformer has enemies in all who profit from the old order and only lukewarm support from those who would benefit from the new.

Machiavelli, 1513. *The Prince*.

The ultimate success in achieving change relies on the collective commitment to turn promising ideas and plans into action. For policy interventions and institutional reform to achieve sustainable results, they need to be both technically sound and politically feasible (see Figure 6).

Figure 6. Identifying realistic policy options

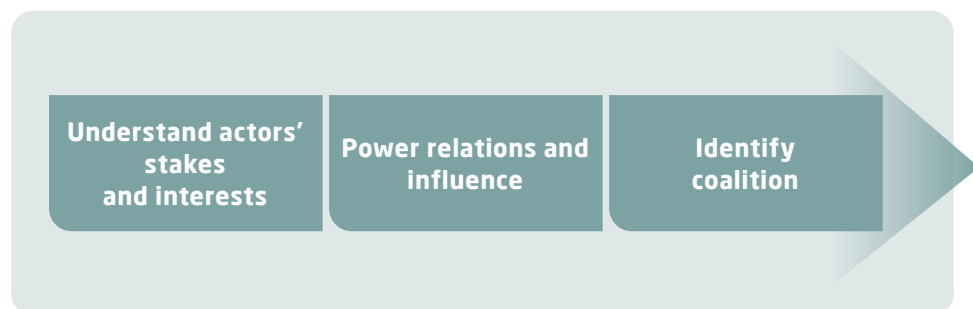


Source: Authors

The first two phases of the analysis will reveal different perspectives on the key problem(s) in food and agriculture, and possible inequalities and tensions among stakeholders.

The third phase of the analysis focuses on the interests of stakeholders and actors. Interests describe the preferences and power embedded in social actors within food and agriculture systems. Policy outcomes are largely determined by relevant actors' interests and behaviors. The objective is to identify who really matters in a given political context and thus needs to be involved in a social coalition for change (see Figure 7).

Figure 7. Three-fold focus of political economy analysis



Source: Authors



The process can be undertaken by organizing the analysis around the two key questions:

- i. How are the relevant actors affected?
- ii. What are their roles, interests and powers and their likely response to a recommended package of actions for institutional reform?

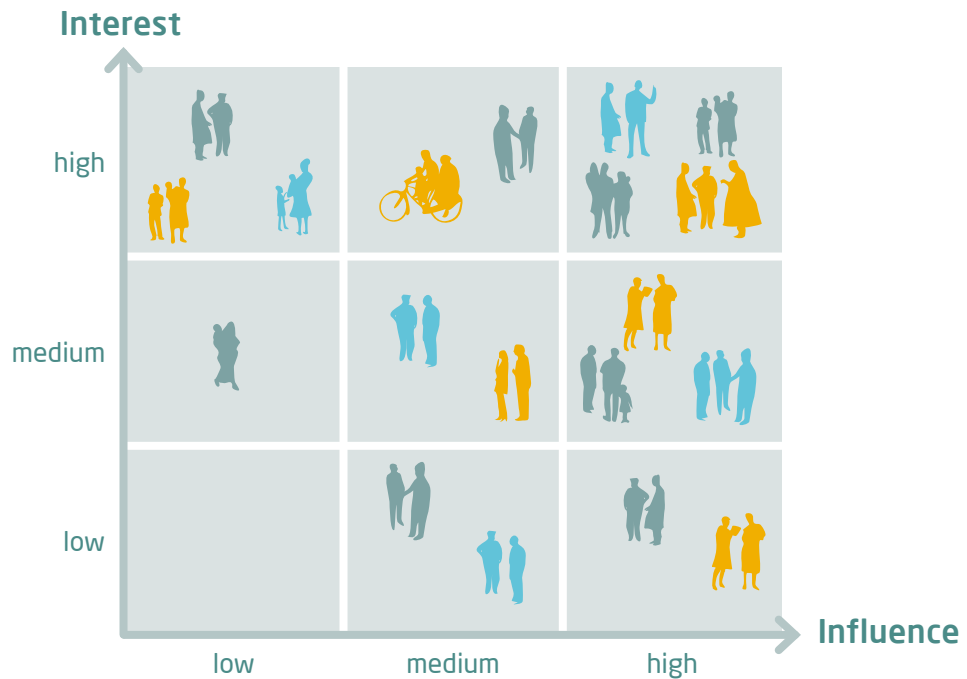
Identified institutional weaknesses will most often be associated with power relations and different distributional impact across different social groupings (see Chapter I, Section 4). In some countries, the modernization of global supply chains has increased power imbalances in the food chain (Carstensen, 2008). A limited number of large firms have increasingly preferential access to high-value markets, weakening the position of small-scale suppliers of raw agricultural products and, in many cases, excluding them from modern supply chains altogether. The larger producers have easier access to capital and non-land farm assets, such as storage, greenhouses or irrigation systems. They can more easily comply with the volume and standards requirements that the agrifood companies – the commodity buyers, processors and retailers, depending on which sources directly from the producer of raw materials – seek to impose (De Schutter, 2017).

The economic dominance of some large actors may translate into a disproportionate influence on agricultural (and other sectoral) policy-making. As a result, policies and strategies may support large-scale agricultural production, which is heavily mechanized and dependent on external inputs, rather than supporting small-scale and family agriculture, the practices of which involve a more diversified farming.

The way that different stakeholders are affected by or can influence a given situation at hand will therefore differ as a function of their role, position and power, as well as of their will and capacity to engage. The most relevant social actors can be classified as follows (Prats, 2001):

- ‘strategic’ actors i.e. individuals, organizations or groups with sufficient power resources to support or hinder an intervention (strong interest and high influence);
- ‘relevant’ actors, i.e. organizations and individuals that are part of the institutional fabric and have the necessary resources to be considered strategic, but who do not use these resources or are dominated by others in the process (high influence and medium to low interest); and
- ‘secondary’ actors, i.e. those who are affected by a given problem and desire institutional reform but do not have sufficient power of influence (strong interest/ low influence).

Figure 8. Interest/influence matrix



Source: Authors

Different levels, types, and forms of power held by groups or individuals will contribute to how agendas, conflicts, agreements, and disagreements play out within and across these categories of social actors.

Facilitated multistakeholder dialogues around priority problems, needed institutional reform and different stakes and the interests of key stakeholders can help to reveal underlying dynamics and foster collaboration and collective action (see Box 10).

### BOX 10. HOW MULTISTAKEHOLDER DIALOGUE CAN EMPOWER MORE VULNERABLE ACTORS

The facilitator of a seaweed value chain in the Philippines used a stakeholder meeting to reflect on the issue of power. Less powerful stakeholders, such as the seaweed farmers, were completely surprised when the head of the provincial police spoke up saying that he felt powerless to address illegal fishing along the coast. The police would arrest perpetrators, but would then receive pressure from higher up to release them. Relationships within the government system implied that even the police felt the limits of their power. However, by understanding this, implied that the balance in the value chain shifted, because the seaweed farmers realized they were not the only ones being overruled and excluded. This empowered them to work proactively with the other stakeholders to negotiate better terms for their produce.

Source: Brouwer, *et al.*, 2015, p. 79.

Focusing on power relations among actors helps us to understand *how* some individuals or groups influence the actions or decisions of others; how such influence is secured and maintained; and what enables or prevents stakeholders from cooperating with one another. Power is embedded in all relationships, institutions and systems of knowledge, and determines how societies and cultures work. Since gender is among the most important determinant of power relationships, it is important to keep in mind the gender dimensions of the distribution of formal and informal power in society, both in the public and private spheres.

To continue with our example, addressing the problem of the lack of access to healthy and affordable diets requires effective cross-sectoral coordination to ensure synergies and minimize trade-offs between economic, environmental and social objectives. A so-called 'silo' mentality and the absence of incentives for collaboration across sectors; tensions and mistrust among relevant ministries or agencies; competition for financing; and differing expectations about desirable outcomes; may all stand in the way of success. A fine-grained, politically-savvy understanding of the way power and resources are distributed among key stakeholders and the implications of this for cooperation and conflict, and for decision-making would enable the team in charge of the analysis to identify appropriate ways to strengthen trust, confidence and dialogue among key social actors and thus build a coalition for change.

Change can unsettle a given political settlement i.e. the vested interests of dominant coalitions or interest groups (see Chapter I, Section 4), and open up opportunities for hitherto sidelined or more vulnerable actors. Change can also conflict with the value system and beliefs of some of the key actors concerned (see Box 11).

### **BOX 11. FERTILIZER REFORM IN INDIA: THE ROLE OF IDEAS AND INTEREST GROUP POLITICS IN BLOCKING SUBSIDY REFORM**

The Indian Government has taken two approaches to reducing the subsidies paid on urea. First, the Government attempted to alter the incentives for private and public domestic firms engaged in urea production. Second, it tried to increase the price at which urea is made available to Indian farmers. Neither approach was successful. There were two main factors in this lack of success: interest-group politics and a clash of ideas. The Government's ability to raise farm-gate prices was constrained by coalition politics and by political representatives of the owners of medium-sized and large farms. The Government was not able to direct the subsidies more narrowly toward small and marginal farmers because of the opposition from medium and large farmers and logistical problems. The reform of the policy framework for the production and distribution of fertilizers was opposed by a strong coalition, consisting of the fertilizer industry, the Ministry of Chemicals and Fertilizers (MoCF), and the Ministry of Agriculture (MoA), which successfully argued that policy reform would reduce India's self-sufficiency in fertilizer production and thereby its food security. The advocates for policy change were relatively few and they were unable to build a strong coalition to support their position.

Interest-group politics alone, however, does not explain the failure of the reform. Agricultural policy discourse in India has been strongly shaped by the debate over links between food security and food self-sufficiency. The debate involves the clash of two paradigms. One view (the market-oriented paradigm) holds that state intervention is no longer needed to guarantee food security and that market forces, including international trade, will guarantee food security. The opposing view (the welfare-state-oriented paradigm) argues that market failures are inherent in agriculture and that state intervention remains essential to guarantee food security. In the welfare-state-oriented paradigm, providing subsidies to farmers is seen as a means of redistributing income from the non-agricultural to the agricultural sector. A public discourse that highlights agrarian distress increases the political motivation to pursue this policy goal. Even though the two positions represent 'ideal types,' and individuals may hold views that lie between the two, distinguishing the paradigms is important for understanding Indian politics.

Source: Birner, Gupta and Sharma, 2011

The outcome of this phase of the analysis should be a map of the actors behind the main drivers of the problem as well as those who can lead the implementation of the solution and institutional reform.

## Phase 4. Developing priorities and building coalition for action

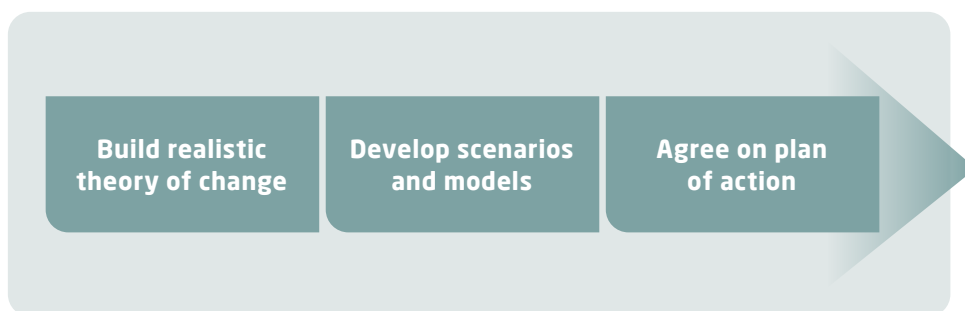
Economists must not only know their economic models, but also understand politics, interests, conflicts, passions, and the essence of collective life. For a brief period of time you could make changes by decree; but to let them persist, you have to build coalitions and bring people around. You have to be a politician.

Alejandro Foxley, Chilean Minister of Finance<sup>22</sup>

The final phase of the analysis is crucial as it prioritizes the necessary policy interventions and investments, assesses cost-benefits ratios, risks and trade-offs, and develops a realistic theory of change (see Figure 9).

A realistic theory of change articulates the process, the measures needed and their relevant environmental, economic and social implications given the existing dynamics among key stakeholders.

Figure 9. Developing priorities and building coalition for action



Source: Authors

Once a unifying theory of change has been agreed upon by key stakeholders, it will be necessary to work backwards to determine the priority actions/interventions needed to achieve that change.

This involves thinking about the following questions:

- i. What actions will be most effective and sustainable in bringing about the desired outcomes?
- ii. What are the expected impacts on sustainability and possible trade-offs between economic, environmental and social objectives?
- iii. What are the possible risks for implementation considering the current dynamics on the ground (political feasibility)?

<sup>22</sup> ([ ]) as quoted in Williamson and Haggard, 1994

Not all of the actions identified in the theory of change are likely to be realistic in short term. It will therefore be necessary to set some priorities for change: Roles, responsibilities, mandates? Formal rules or social norms? Service provision? Business practices? Certain incentives or disincentives from other sectors (e.g. subsidies)? Skills and capacities? Attitudes and behaviour? Actors' relationships? Other?

An important part of the process will be to determine the costs and benefits associated with the priority interventions. Cost-benefit analysis techniques can be used to evaluate the technical feasibility and profitability of different interventions. Assigning a monetary value to the benefits (e.g. impact on environment, on health, on employment) is much less straightforward than defining the costs of various interventions, but it is equally necessary. An open dialogue and discussions with key stakeholders will help in this process.

Cost-benefit analysis will not be sufficient. It will be also important to look at the expected impacts on sustainability.

Using scenarios and models will be helpful for assessing possible impacts on sustainability and key trade-offs between economic, environmental and social objectives. Scenarios can help to illustrate the future that is being shaped by a particular course of action to solve a given problem. They are used to develop a narrative on the trade-offs and possible impact of different policy options (e.g. subsidies or taxes, trade measures or land tenure interventions). Scenarios allow us to think through and evaluate how different interventions – policy decisions, resource allocations or production decisions – can shape food and agriculture outcomes in a given context, assess their relative merits and likelihood for solving the problem at hand, and evaluate the possible impacts on different groups, particularly small-scale farmers, women and indigenous populations.

Returning to our healthy diets example, if incentives and support for the production of fruits and vegetables are given priority, it will be necessary to estimate the environmental impacts of such interventions, as well as their impact on different categories of consumers, their incomes and preferences. Increasing the production of fruits and vegetables, pulses and whole grains for example, may result in reducing livelihoods of concerned herders if it is met by decreased livestock production.

Modeling is an important part of scenario building as it can allow us to examine the economic, political and institutional factors that shape policy processes, and to simulate possible outcomes under various economic, political and institutional scenarios. The modeling should also include explicit consideration of the budget allocation to the total set of policy interventions across relevant sectors.

Considering that interventions to address complex food and agriculture problems will usually involve both technical and institutional measures, quantitative scenarios using data from technical analyses and modeling should be combined with qualitative (narrative) scenarios describing possible futures as storylines or diagrams.

The models can be customized to analyse the socioeconomic implications of different actions across sectors and actors within a country. The analysis should particularly consider social implications: who will be the most affected by a given intervention and what are the possible social costs? For example, what will the distributional effects be of a subsidy reform for different groups? What are the risks of poverty, migration flows, possible abuse or capture by certain groups? Close attention should be paid to vulnerable groups and actors (e.g. small-scale farmers, especially women, youth and Indigenous Peoples).

Together with findings from Parts 2 and 3, discussions around trade-offs will provide useful inputs for evaluating possible risks and the political feasibility of potential interventions. As emphasized in Chapter I, while policy interventions must be technically sound, without wide political support, they are unlikely to be implemented effectively or to generate expected outcomes. The findings from parts 2 and 3 will enable us to understand the underlying dynamics on the ground, and thus to be better able to assess possible risks related to existing political, social, cultural and institutional realities, bureaucratic structures and capacities, and informal norms and groups.

The final decision on what to prioritize will be both technical and political, and will require debate among investors, beneficiaries and other stakeholders. Tools like the solution tree or a fishbone diagram can help to visualize the theory of change and the agreed plan of action.

Debates will also help to shape an accurate image of possible ‘entrepreneurs’: stakeholders who are ready to engage in a coalition that will invest time, energy, reputation and resources to promote and lead the implementation of the agreed interventions.

The outcome of the last phase of the analysis should be an agreement on the theory of change, recommended course of action, and the establishment of a coalition for change.

Importantly, the four parts of the analysis are a circular loop. It will be necessary to continuously revisit initial assumptions and review findings as circumstances evolve. Governance analysis should be able to respond to dynamic political changes. Findings from analyses must be re-evaluated and tested as political landscapes change. Iterative processes that allow for continuous learning and re-examination of governance issues (or a more accurate reframing of governance issues) are the best way to achieve positive impact in the long run.





## IV Lessons from FAO's governance work

This last chapter provides some lessons from the Organization's work on governance that may be useful when applying governance analysis at country, regional and global levels.

### 1. Addressing governance helps to increase the impact of FAO's work

Serious changes in public policies are often necessary to trigger transformational change. This is especially true when government agencies are structured to address past challenges, but lack the capacity, culture, mandate and resources to respond effectively to the requirements of the contemporary world. Today's complex challenges require institutions to formulate and implement public policies that can nimbly respond to emerging issues. In many cases, long-term solutions require action on the public policy-making front – both in terms of substance and process. If the government is not ready or able to address the reasons behind a food and agriculture-related problem (e.g. unequal access to resources, pressures from politically influential large-scale agricultural farms or dysfunctional policy incentives, such as subsidies in favor of irrigated agriculture or energy use) remedial actions, such as strengthening producer organizations, regulatory or other technical measures, will not be able to solve the problem.

It is difficult to imagine compliance in a situation where institutional and legal frameworks and mechanisms are not accompanied by appropriate implementation and enforcement capacities. Solutions must be embedded into the institutional setting of a country. Alliances across the relevant sectors of government, social actors and development partners can provide critical support. Any major transformation, such as the implementation of climate change agreements and initiatives for sustainable food systems, requires cross-sectoral consensus. Individual activities supported by FAO can promote alliances and prompt transformational change, but cannot drive the change itself, nor substitute for national policy-making, agenda setting and supporting investment in institutional infrastructure.

Understanding and addressing governance issues can enhance the impact of FAO's work, for example, by directly intervening at a political level to enhance participation and inclusion and create political support for food and agriculture-related activities or by clearing bottlenecks that stand in the way of successful implementation of technical projects and programmes. Our experience at the country level indicates that when governance challenges related to food and agriculture are identified and fully understood, the impacts of the programmes/projects are likely to be enhanced.

## 2. FAO can facilitate negotiation processes at the request of governments

Addressing governance requires FAO to increasingly take on the role of facilitator, promoter or political entrepreneur. This was the case for example, when FAO actively promoted the Zero Hunger objectives in Latin America and the Caribbean; regional initiatives in Africa and Asia; and the food and agriculture programmes initiated by regional bodies such as the African Union, Community of Latin American and Caribbean States (CELAC) or others. Such a role seems legitimate at regional and international levels, where FAO, given its mandate, is a key participant in regional or global processes such as the implementation of the Sustainable Development Goals (SDGs). At the country level, FAO is also being called on by the governments to go beyond its traditional technical advisory role when balancing trade-offs between competing policy objectives that are necessary for development intervention. This has been the case in many countries, where FAO has: actively promoted a holistic approach to food security and nutrition; addressed water-agriculture-energy nexus; facilitated territorial approaches to poverty reduction; and, more recently, played an active role in food systems transformation. The trust built up over time across countries around the world allows FAO to play this supportive role.

## 3. Political economy underlies many development problems

Addressing governance issues related to food and agriculture at the country level will often require solving a political economy problem. FAO's experience confirms what is already widely known: nearly all interventions in societal processes – despite their potential to benefit many people – will end up with winners and losers. By making an effort to understand and address these dynamics, such as a conflict of interests among stakeholders or undue pressure from certain interest groups, the impact of the technical work can be significantly enhanced. Managing power relations behind formal structures and institutions is central to development effectiveness. In addition, a politically-informed approach to technical support means moving away from models of development based on standards and best practices to consider multiple paths to desired outcomes based on contextual realities. FAO is in a position to assist its partners at country and regional levels to analyse the political dynamics and relations that shape policy changes, and to use that knowledge to inform their decision-making. The Organization can facilitate alliances to support development and can target solutions to specific governance problems. FAO can also engage in processes to understand which informal institutional rules and regulations need to evolve in order to support better outcomes. FAO can even suggest what appears to be a second best technical solution when the apparently superior approach is not viable, given a country's political circumstances

## 4. Systematic governance analysis is key

More often than not, systematic analysis is needed to reveal underlying problems and highlight key issues from different angles. This also is useful for tailoring a given intervention to improve its effectiveness. Addressing communication and coordination gaps are frequently areas needing improvement. In many countries, there is a disconnect between national and local measures, which results in weak implementation of national policies and strategies at lower levels. Cross-sectoral

coordination mechanisms are often ineffective. A thorough governance analysis can shed light on the strengths, weaknesses and interests of various stakeholders and reveal the reasons for poor communication and coordination. This information is essential for engaging actors in finding the most realistic solution to a problem.

As important as policy and legal frameworks are, they are not sufficient. If underlying political economy problems, such as massive political power in the hands of landholders and agricultural entrepreneurs, are not identified and taken into account in the implementation process, such frameworks will not be effective. Transformational change requires time to gradually adapt institutional mechanisms to technical problems, while remaining consistent with political realities.

## 5. There is more than one way to address governance issues

Governance issues are as complex and varied as the countries in which they are found and the people who are bound by them. Consequently, they cannot be addressed through predefined, linear approaches. As discussed in Chapter I, the normative approaches defined by the good governance agenda have not proven successful. Simply exporting governance models from places where they have succeeded to places where there is a need has not been an effective strategy. A country's context has a unique and direct effect on that country's policy agenda, the programmatic choices that are made and their potential for success. The priorities for action can differ significantly from original expectations when governance and political economy analyses reveal a fresh perspective and provide information that enables more realistic decision-making. For example, in the case of natural resources management, solutions might lie in the development of an innovative institutional mechanism, where a long-term iterative approach – however long it takes – is nevertheless the only realistic means of addressing the issue. In some cases, stakeholders that resist change might be convinced through consultations and adjustments to the intervention. In others, the solutions may include a mix of measures addressing capacity, collaboration, dissemination of information and communication. The variety of interventions makes it unwise to base decision-making on a governance framework focused merely on guidelines, standards or benchmarks. There are many pathways to solutions.

## 6. Transformational change requires iterative learning processes, time and resources

There is no quick and easy way to identify and address governance challenges. Transformational change is inherently political and typically requires a slow and difficult process. Many stakeholders have high stakes in the *status quo* and, because of power imbalances in the country, their special interests often distort outcomes. Expectations must be grounded in reality; choices should be pragmatic and based on an understanding of risks and constraints. Iterative learning processes create opportunities for more informed intervention strategies and sustainable long-term solutions. Generally speaking, FAO has been most successful when its programmes spanned several consecutive project cycles, building on the experience and achievements of previous projects and confirming that sustainable institutional change requires time, relationship building, trust and stamina.



## Concluding remarks

This paper outlines the importance of governance - as a multidimensional capability for effective and inclusive collective action – for transforming the way we produce, process, distribute and dispose of food and agricultural products in line with the principles of good planetary stewardship. Each of these activities has both intended and unintended social, economic and environmental impacts on larger human and natural ecosystems. The transformation we seek needs to be sensitive to interactions and tradeoffs as well as just and inclusive.

Building on insights from the technical literature and FAO's own ample experience, this paper recalls the dense theoretical and policy debates over the concept of “governance” during recent decades. The controversy is not academic. Governance issues are relevant for achieving sustainable development in all its dimensions – for eradicating poverty and malnutrition, for protecting the planet's natural resources and the ecosystems that sustain life, and for reducing inequalities between and within countries. Debates over governance issues related to food and agriculture have influenced the Organization's understanding of its role, work and approach. Over the years, FAO has learned that effective policies and programmes cannot be developed and implemented without considering how global, national or local institutions and capabilities both enable and constrain the actions of agrifood systems actors and how those action affects people's lives and livelihoods.

In many country contexts, it is *governance* bottlenecks that lead to a gap between policy expectations and their outcomes on the ground.

Policy and governance are closely interrelated: they are both concerned with addressing problems that are important to large numbers of people. In the best of circumstances, both are guided by evidence and science; both are also affected by interests, competition and conflict.

Policy and governance differ nonetheless: policy, in essence, is a commitment to a designated goal and course of action to attain that goal. It is a selection among alternative priorities, and a choice of means and instruments to achieve the selected objectives. Whereas governance is about mobilizing and concentrating the collective will to achieve determinate policy objectives, and also about providing the means, instruments and resources, including both financial and human capital, technology, organization, procedures and other means necessary to support effective implementation of those policy choices. Governance is defined by the rules, organizations and processes through which policy commitments are legitimately made, and it is means by which policy decisions and the chosen actions are carried out, monitored, enforced and amended.

Policy is an output and outcome of diverse governance processes. These processes include the formation of coalitions, bargaining among interests, altering or preventing alterations to decision-making rules, finding ways and means, or defeating policy choices by restricting the means available, creating capacity or failing to do so, enforcing decisions or not, appointing officials friendly or unfriendly to the intent of policy, ensuring voice and vote or discriminating among actors and groups.

FAO's Strategic Framework 2022–2031 recognizes that transformative processes of agrifood systems require, “*as a precondition (upstream enabler), much stronger, more transparent and accountable institutions and governance*” (C2021/7, para. 30).<sup>23</sup>

As the only intergovernmental organization with a dedicated mandate to strengthen the world's food and agriculture systems at the global, regional and national levels, FAO is uniquely mandated by its Members to strengthen capacities for more effective collective action at global, regional and national levels. To accomplish this well, FAO must address numerous complex and multilayered governance issues arising from the aspirations to end hunger and all forms of malnutrition, eradicate poverty and contribute to the sustainable growth of the world economy.

The Organization has a critical role to play in supporting Members' efforts to manage governance processes and address challenges related to transforming their agrifood systems. The actions that may be proposed, as the problems they seek to address are manifold. Key instruments include facilitating policy dialogue and building coalitions of actors for long-term, sustainable and inclusive results, but also providing data and information as global public goods, offering science and evidence-based technical and policy support, and mobilizing funds, financing and investment.

FAO staff and food and agriculture practitioners need practical and realistic approaches to policy and technical support that are both adapted to a specific country context and priority problems, and that are appropriate to achieve the desired outcomes.

<sup>23</sup> <https://www.fao.org/3/ne577en/ne577en.pdf>

Scientific evidence and data are necessary and useful, but not sufficient, to shift policy processes on their own. Indeed, despite important progress over the last decade, too many countries and people remain excluded from the benefits of progressive technical changes; the excluded individuals are most often disproportionately poorer and more socially disadvantaged, with most living in rural areas. Focusing attention on governance is thus critical to determine not only which policies and actions will be implemented on the ground and how; but also, who will be affected and by what means of influence or impact. This paper has provided initial evidence that governance analysis, including institutions and political economy around priority problems can be effective in contributing to food security and nutrition, reducing poverty and promoting sustainable management of natural resources as part of larger efforts to achieve the SDGs. Systematic governance analysis can provide an honest evaluation of the potential – and obstacles – to change in a given country or territory. It can identify strategic entry points and help assess alternative coalitions of actors for advancing transformation.

The proposed approach to governance is pragmatic, flexible and adaptive. The framework for governance analysis recognizes that there are huge national and territorial differences in structures, capacities, economies and phases of development. It stresses that a technically viable, but also realistic and politically feasible response to food and agriculture problems must be developed at the request of, and in partnership with, host governments in whose hands rests the final say on policy choice and implementation. The approach is committed to governance as a problem-solving and an iterative collective learning process, while also being forward looking, practical and focused on developing coalitions of actors around implementable solutions. It strives to understand both the rules of the (policy) game, which can be described objectively, and the political economy dynamics that influence the design of those rules as well as the way stakeholders play the game.

The experience of many countries has shown that effective solutions are more likely to emerge when diverse stakeholders can agree on a shared understanding of a key problem, commit to investigate and learn together and actively contribute to developing the most appropriate and workable solution consistent with societal values and prioritized needs. The early involvement and active engagement of national/local actors (and regional actors as the case may be) in the governance process is therefore critical.

Some words of caution, derived from experience, may be useful. The search for perfection in governance processes too often leads to failure. Although participation should be broad and transparent, care must also be taken to ensure the efficiency and effectiveness of the decision-making process. A blocked or overloaded agenda is unlikely to lead to progress and unlikely to serve the common good. This is why the

framework places so much emphasis on developing, first, a community consensus about the fundamental issue (rarely plural) to be addressed or prioritized. By the same token, participation can and should be structured in ways that recognize, and in meaningful ways address, unequal power relationships between the actors involved. Lastly, governance is inherently messy. Bargaining and compromise are an intrinsic part of governance and, as a result, working solutions often lack the aesthetic elegance and appeal of mathematical formulae.

The paper has outlined a practical, four-phased framework for identification and integration of governance analysis into the formulation and implementation of interventions at country, regional and global level. It has highlighted a number of issues that arise when supporting undertaking governance analysis related to agrifood systems transformation.

The increased use of governance analysis in FAO's work is expected to stimulate new awareness and the development of tools to supplement purely technical solutions with policy insights based on a solid understanding of practical and political realities on the ground. With its emphasis on continual learning and adaptation, the governance analysis framework will enable FAO to significantly improve the effectiveness of its policy and technical support to Members. The goal is to enable them to delineate their own unique pathways to sustainable development – pathways that reflect national values and priorities and, consistent with the overall ambition of the 2030 Agenda, leave no one behind.

Building on the insights from FAO's past work on policy and governance, and expanding upon the considerations presented in this paper, the following actions are suggested:

- Systematically integrate governance analysis and action into the formulation and implementation of interventions at country, regional and global levels in order to enhance FAO Members, their citizens and development partners' capacities for collective action to solve large, highly complex problems such as food insecurity, malnutrition, poverty, insecure forest, fisheries, water or land tenure or climate change.
- Invest in strengthening capacities of governments and their partners to implement governance analysis and reform by building more inclusive, capable and more resilient institutions and human capital.
- Strengthen the science policy interface at all levels by supporting the integration of evidence, data and information and by promoting the dissemination of knowledge across sectors to facilitate more participatory, better informed and better integrated analysis, decision-making and action.
- Invest in documenting experiences and key lessons learned from governance work to better understand how and how well different interventions actually worked or did not work, explain differences in their effectiveness, and capture innovations.



- Identify ways of strengthening governance arrangements to enable and sustain better coordination and partnerships to enhance resilience and protect core societal values and interests.
- Strengthen linkages between processes and mechanisms at the international and country level, and
- Continue open reflections on, *inter alia*, governance innovations for agrifood systems transformation in order to address structural inequalities within and among countries and improve the enabling environment provided by global agrifood systems governance.

The integration of disciplined governance analysis in FAO's work at all levels can provide practical knowledge and tools to support Members' and development partners' efforts to eradicate hunger, reduce poverty and achieve sustainable, resilient and inclusive food systems.

As the leading multilateral institution of agrifood systems governance, FAO can be the world's most vital science-policy-people interface for agrifood systems transformation. It can do this by improving public-private transparency, providing through its core functions a variety of essential public goods at global, regional, and national levels, and enabling ever more robust information-sharing and collaboration across food, agriculture, health, environment, climate, economic and social systems and among all actors.



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GOVERNANCE AND POLICY SUPPORT - FRAMEWORK PAPER

## Focus on governance for more effective policy and technical support

There are eight years left to reach the SDGs. Agrifood systems transformation is urgently needed if we are to achieve sustainability, resilience and food security and nutrition in a post-COVID world.

This desired transformation can only be achieved by strengthening and capitalizing on the knowledge, experience, skills, and capabilities for collective action of a broad range of public and private actors each of whom bring distinctive interests, needs, resources, influence and capacities. "Governance" is the name for this multidimensional capability for effective and inclusive collective action at all levels.

In many country contexts, it is the governance bottlenecks that lead to a gap between policy expectations and their outcomes on the ground. For example, a given policy intervention can make a lot of economic sense but if it is perceived as threatening a powerful interest group or not sufficiently considering that group's interests, it will most probably fail. Understanding the governance - both institutions and political economy - behind existing agrifood systems can thus make or break the success of any policy or technical support work.

Bringing together insights from FAO's rich experience and knowledge and global literature, this paper introduces an operational four-phased framework for analysis and integration of governance analysis and action into formulation and implementation of interventions at country, regional and global levels. It also provides a review of recent trends in expert thinking about governance for sustainable development and highlights FAO's conceptual contributions to governance in the areas of FAO's mandate.

The increased use of governance analysis in FAO's work will stimulate iterative collective learning processes and honest evaluation of potential for change thus supplementing technical solutions with approaches based on a solid understanding of practical and political realities on the ground. With its emphasis on continual learning and adaptation, governance analysis will enable FAO to significantly improve the effectiveness of its policy and technical support to Members to achieve sustainable development that leaves no one behind.

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