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Swiss Agency for Development
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Governance in SDC



Open Budget Meeting in Bangladesh, Shariqas Project, 2012. Photo: Helvetas Swiss Intercooperation, Jens Engeli

Inclusive and accountable governance is fundamental to delivering sustainable development. Good governance is therefore a Sustainable Development Goal (SDG) in itself – Goal 16 for peace, justice and strong institutions – and a means to achieve all 17 SDGs. The Swiss Agency for Development and Cooperation's (SDC) approach

to governance can build on long-term experience and Swiss values based on its own political practice. The new [SDC guidance on governance](#) (2020) confirms and refreshes SDC's commitment to good governance and defines priorities and working approaches for Switzerland's international development cooperation.

Development Challenges are Governance Challenges

However, the SDC partner countries are facing manifold and ever more complex development and governance challenges, exacerbated by the COVID-19 crisis. To improve governance and contribute to achieving the SDGs, responses are required to tackle equally: (1) persistent development challenges such as poverty, gender inequalities, armed conflict, violations of human rights, weak rule of law and systemic corruption; (2) challenges in a globalised world such as pol-

icy incoherence in global economic governance, climate change and natural resource management, migration and urbanisation; as well as (3) emerging political and technological trends, in particular the backslide of democratic governance and the rise of authoritarianism with shrinking space for civil society and independent media that threaten democratic foundations and values, and the new opportunities and related risks arising from rapid digitalisation.

What is Governance for SDC?

Governance is the political process through which public authority is created and exercised. SDC conceives governance as the way in which core public functions are performed, public goods are produced and distributed, and power is exercised and negotiated by governmental and non-governmental actors at multiple levels that are closely interconnected (from the subnational to the national state level to the global level).

The SDC's vision of good governance is a well-functioning global, national and subnational governance system that contributes to building and maintaining peace and promote sustainable development. Good governance focuses on the well-being of all people – women and men, girls and boys, all groups of society. It would “leave no one behind” and respect the diversity of its citizens’ ideas of a good life. In particular, good governance promotes equal access to services, social protection, resources and justice for all, fosters inclusive participation of all citizens and ensure the rule of law, human rights and legitimate, transparent and accountable institution and processes.

“Better” governance is characterized by the respect of a set of principles and adapting to the local context. The good governance principles are overlapping, interdependent and closely interlinked. The principles are generic enough to leave room for many different shapes and forms of structures and processes that consider the specific thematic and country contexts. Applying and balancing these principles allow public systems to respond adequately to multiple development challenges

What are SDC's Governance Priorities?

The SDC has identified five priority areas and pillars as being key to where progress must be achieved. These are:

Pillar 1: Promoting democratic governance, participation and accountability

In democratic systems, the legitimacy of political representatives and institutions is based on people's participation and consent, either by direct vote or by representation, public oversight and accountability. Democratic systems are perceived as less prone to concentration and abuse of power since they require compromise and inclusion, and they are backed by the principles of separation of powers and the rule of law. Inclusive democratic decision-making processes and democratic elections offer opportunities for accountability and change. The SDC encourages the constructive, mutually reinforcing interplay among different democratic forces, institutions and actors. It builds on homegrown dynamics and is oriented towards democratic values rather than promoting specific models.

- Enable effective citizens' participation and protecting and/or increasing civic space;
- Promote transparent, inclusive and fair elections and stimulating issue-based political parties;
- Promote representative, effective and accountable parliaments;
- Foster horizontal and vertical accountability mechanisms and legitimacy of public institutions;
- Strengthen independent and pluralistic media
- Promoting independent, impartial and accessible justice

Pillar 2: Supporting decentralisation and well-functioning multi-level governance

Decentralisation defines the framework conditions for multi-level governance and determines the roles, functions and power, and the financial and human resources of sub-national authorities. If assigned functions, funds and decision-making authorities are in congruence and multi-level cooperation is ensured, localised arrangements can lead to more effective and efficient development processes, better accessible and accountable state institutions and more active participation by citizens. The SDC contributes towards improving domestic capacities for decentralisation reforms and adequate, predictable and transparent intergovernmental transfers as well as broad-based reform dialogue and the protection of interests of sub-national governments. At the same, the SDC fosters democratic sub-national governance structures and the capacities of sub-national institutions in fulfilling their functions.

- Support the administrative, political and fiscal decentralisation;
- Strengthen the quality of local public finance management and the capacities of sub-national governments;
- Enhancing local economic development;
- Addressing the challenges of rapid urbanization;

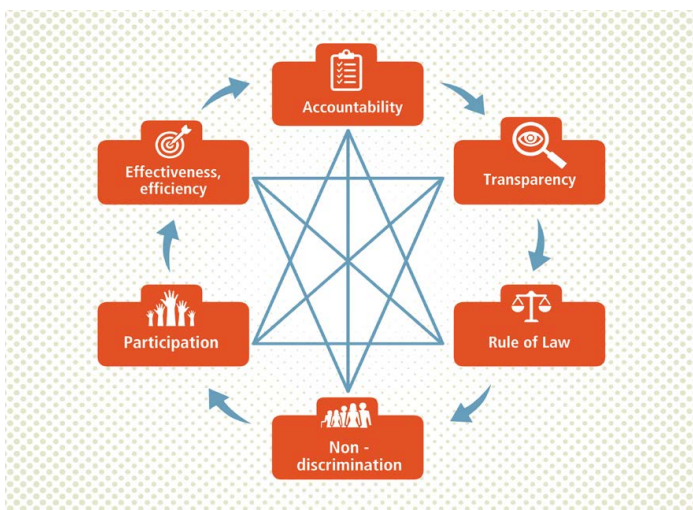


Figure 1: Governance principles



Figure 2: Multi-level governance

Pillar 3: Combating corruption on all levels

Good governance is key to ensure the integrity of power holders and fight corruption as a major obstacle to inclusive development. Corruption has negative effects for the provision of basic services and the theft of public resources creates financial gaps, subverts the rule of law and undermines democratic governance. The importance of fighting corruption is reflected in SDG 16, which has a specific target to it. Corruption as “the abuse of entrusted power for private gain” (Transparency International) has many different forms at different levels (such as petty corruption, grand corruption or political corruption and state capture). Newer research highlights corruption as a multifaceted and highly complex phenomenon. A better understanding of the different types and drivers of corruption in its specific context is thus critical to develop effective strategies to fight corruption.

- Invest in better analysis and understanding of the structures and factors driving corruption;
- Increase strategic interventions against corruption;
- Integrate an anti-corruption perspective in sector programmes;
- Promote political dialogue with authorities;
- Engage in global initiatives.

Pillar 4: Responding to governance opportunities and challenges arising from digitalisation

Rapid will shape and impact governance processes in many different ways. Modern forms of democratic participation, new media and (social) accountability are closely linked to the digitalisation of societies, the economy and the public sphere. New forms of digital governance are expected to contribute to more efficient and transparent public management and prevent and reduce corruption risks.

However, in countries with high power imbalances and weak rule of law, or in the hands of authoritarian governments, digital technology may become a powerful tool of repression, control and surveillance. Digitalisation provides opportunities to harness data generation in areas where non-availability of data prevents evidence-based decision- and policy-making, such as the limited data availability on sub-national levels and of “left behind” groups. Therefore, adequate international and national governance structures and processes will be needed to steer the public and private use of new technologies and digital solutions to ensure they are geared towards the benefit of the people as well as being useful for sustainable development.

- Promoting research and learning on the potentials and risks of (rapid) digitalisation and supporting partners’ capacity building;
- Promoting digital governance as a process of establishing public goods in a digital form and exploring avenues for digital democracy in the SDC programmes;
- Engaging in dialogues and initiatives on global digital governance
- Promoting data on all levels of governance

Pillar 5: Strengthening governance as a lever in all interventions.

Governance is a Sustainable Development Goal in itself (Goal 16) and a means and essential lever of the systemic transformations needed to achieve all 17 SDGs, and the SDC applies this dual-track approach in its own operations. On the one hand, the SDC invests in dedicated governance programmes with the principal objective to address governance deficiencies and achieve specific governance results in SDC priority areas. On the other hand, given the cross-cutting character of governance and based on the SDC’s commitment of thinking and working politically, the SDC takes a “transversal approach”: it strengthens governance as a lever and integrates a governance perspective and the good governance principles in all sectors and areas of cooperation. To implement governance in sectors, the SDC applies a systemic and contextualised understanding of governance.

- Systemic approach: Analyse and address the governance system (of a sector) by looking at three dimensions: structures, processes and actors, and address governance dynamics with a multi-level and multi-stakeholder perspective;
- Governance principles: Use the good governance principles to assess the quality of governance processes and identify sector-specific entry points as well as strategic monitoring and reporting of governance results;
- “Thinking and working politically”: Adopt a political approach to governance with consideration for underlying power dimensions and formal and informal rules and norms, and facilitate dialogue to strengthen local problem-solving mechanisms. Promote capacities for political economy analysis and adaptive programming;

How does the SDC work on governance?

The SDC's work is based on a systemic and contextualised understanding of governance. Governance interventions are always embedded and understood within the broader system. Participatory approaches and local ownership of governance changes must be at the heart of any cooperation. In particular, the SDC's systemic approach includes:

1) Addressing structures, processes and behaviours: The politics and functionality of governance systems are shaped by different dimensions, namely structures, processes and behaviours. They are interdependent and can be understood as the points of a three-dimensional triangle.

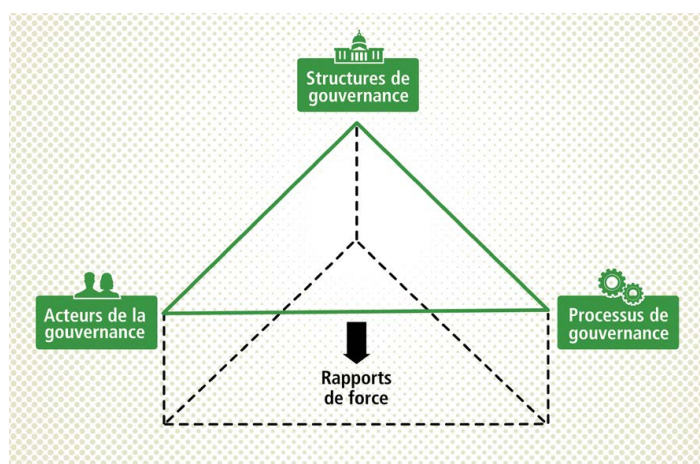


Figure 3: Three dimensions of systemic governance

2) Being aware of power dimensions (“thinking and working politically”): Governance is about managing power and authority. Inevitably, governance processes influence and are influenced by power relations between governance actors, be they formal or informal, visible or hidden. Often, the persistence of poor policy and dysfunctional institutions have less to do with a lack of knowledge or finance than with the actions of powerful actors, groups or movements who gain from existing arrangements and are not interested in change. Thus, governance changes often involve the renegotiation of power and resources. Also, governance changes are complex and unpredictable.

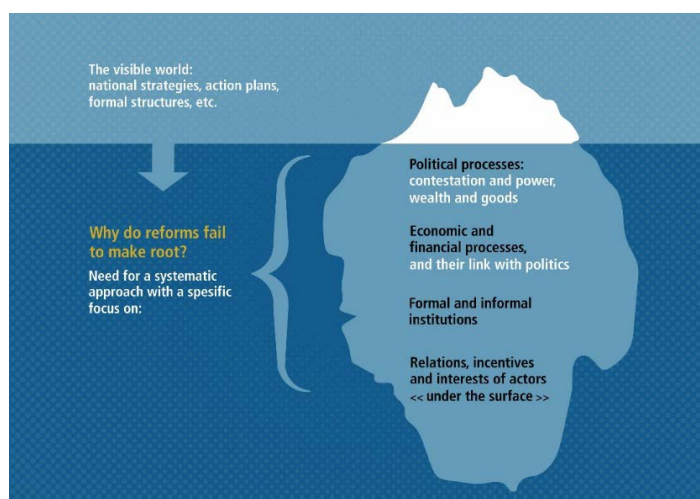


Figure 4: Visible and invisible parts of the governance iceberg

3) Working on governance dynamics with a multi-level perspective: Governance systems are defined in terms of their boundaries, internal subdivisions, multiplicity of actors and institutions, and the interactions amongst them. Different governance systems (from global governance architectures to national and sub-national political systems or regional organisations and international networks) are interconnected and influence each other.

4) Strengthening stakeholders in their governance roles (with a human rights-based approach): The political dynamics and functionality of the State and other institutions in the public sphere are shaped by a multitude of governmental and non-governmental actors in the governance system. “Government” does not equal “governance” – government alone does not shape the governance of a country or a sector; it is the interplay of the various governance actors that matters. The SDC supports positive governance dynamics among all governmental and non-governmental actors and stakeholders, in line with their respective roles in the governance system. In doing so, the SDC adopts a human rights-based approach: strengthening state institutions so they comply with their obligations, and empowering citizens so people know and can claim their rights.

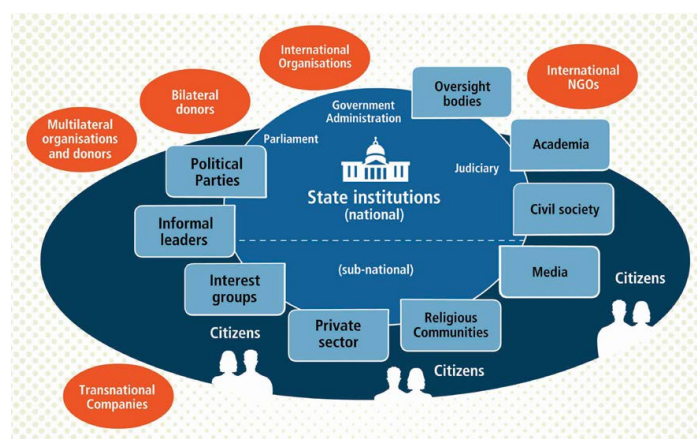


Figure 4: Governance stakeholders

5) Striving for increased policy coherence for sustainable development: Development partners and aid agencies are actors in the global governance system and those of partner states, and their interventions across sectors can impact on the partner state's governance, improving – or worsening – governance, with a negative effect on the sustainability of the expected change.

Impressum

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