

# SDC's Approach to Governance

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A practical guide

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**Swiss Agency for Development  
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**SDC NETWORK**

**Democratisation, Decentralisation  
and Local Governance**

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## Quick overview

<p><b>Governance definition</b></p>	<ul style="list-style-type: none"> <li>- The way public affairs are managed</li> <li>- The way core state functions are performed</li> <li>- How collective goods are produced</li> <li>- How power is exercised and negotiated</li> </ul>
<p><b>Governance approach:</b></p> <p><b>Dual approach</b></p> <p><b>Systemic and value based approach</b></p>	<ul style="list-style-type: none"> <li>- Dual approach: Thematic Domain and Transversal Theme in sectors</li> <li>- System development approach</li> <li>- Working on politics and power imbalances</li> <li>- Value based but contextualised approach</li> <li>- Incremental and long-term approach</li> <li>- Putting people's wellbeing at the centre of attention</li> </ul>
<p><b>Good governance principles</b></p>	<ul style="list-style-type: none"> <li>- Participation</li> <li>- Equality and non-discrimination (encompassing social inclusion and gender equality)</li> <li>- Transparency</li> <li>- Accountability</li> <li>- The rule of law</li> <li>- Effectiveness and efficiency</li> </ul>
<p><b>Core governance dimensions</b></p>	<ul style="list-style-type: none"> <li>- Dual approach</li> <li>- Governance in all SDC sectors</li> <li>- Governance of institutions</li> <li>- Governance at the level of states</li> <li>- Governance at the global level</li> </ul>
<p><b>Key thematic priorities in governance</b></p>	<ul style="list-style-type: none"> <li>- Democratisation</li> <li>- Decentralisation and local governance</li> <li>- Peace and state building</li> <li>- Human rights</li> <li>- Protection of civilians</li> <li>- Gender equality</li> <li>- Combatting corruption</li> <li>- Economic governance</li> </ul>

# 1. Relevance in the SDC portfolio

“Spending on governance programming and mainstreaming accounts for **more than one third of all of SDC’s expenditures**. In some of SDC’s bilateral Cooperation Strategies, spending on governance can range from 40% to 60% of all expenditures.”<sup>1</sup>

This financial volume alone indicates the importance of this topic for the SDC. Not surprisingly, in Switzerland’s new **Dispatch on International Cooperation 2017-2020** the pertinence of governance for achieving Switzerland’s development goals is clearly laid out. It is defined as a **strategic goal**, and as a **thematic priority** in its own right. Moreover, along with gender, governance is a **mandatory transversal theme** in all SDC thematic priorities (“sectors”).<sup>2</sup> It is mandatory **for all SDC departments**, including South Cooperation, Cooperation with Eastern Europe, Global Cooperation and Swiss Humanitarian Aid.

The prominent incorporation of governance into Switzerland’s development agenda is an acknowledgement that governance is at the heart of **sustainable development cooperation**. It is an essential enabler for inclusive and sustainable development, human rights and peace and security.

This understanding has been reinforced with the adoption of the United Nations Global Agenda for Sustainable Development 2015-2030, particularly goals 16 and 17, but also by including governance aspects in a number of targets.

## 2. Basic definition and approach

### 2.1 Dual approach

The SDC addresses governance as thematic domain in its own right, with targeted programming, and as a mandatory transversal theme in other thematic priorities/sectors and in institutions (partners and the SDC itself). This transversal dimension implies that it must be integrated in activities by all SDC departments.

This dual approach is defined as *governance approach*, instead of governance mainstreaming.<sup>3</sup> For the crosscutting dimension in thematic priorities/sectors and institutions the term *governance as a transversal theme* is applied.

### 2.2 A systemic and value based perception

- The SDC conceives governance as the way **public affairs** are **managed** and core state **functions** performed, how collective **goods** are produced and distributed and **power** is exercised and negotiated by a multitude of actors at multiple levels (from the subnational to the national state level to the global level). This is shaped by established formal and informal rules, institutions and processes through which public duties are exercised, needs, interests and differences can be articulated and mediated and collaboration between involved stakeholders takes place. **It determines the foundations, politics and functionality of a state and of the global development architecture.**

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<sup>1</sup> Final report: SDC’s Performance in Governance Programming and Mainstreaming, E.T. Jackson and Associates Ltd., Ottawa – Canada, Sept. 2014, p. 78.

<sup>2</sup> Dispatch on Switzerland’s International Cooperation 2017-2020

<sup>3</sup> This is different to the SDC definition of gender mainstreaming.

- **This implies a system development approach**, to sustainably improve systemic deficiencies and contribute to state building and transformation processes. This means addressing structural, process, behavioural and relational factors (laws, policies, institutional setup, performance, attitudes, relationships and interaction) and working with multiple actors and at multiple levels (subnational, national, global), in order to promote interlinkages, collective action and shared decision making. This contributes to increasing the effectiveness, leverage and sustainability of SDC activities.
- **The range of concerned institutions and actors is large**. They typically include: formal state institutions (including the executive, legislative and judiciary), but also informal authorities, that enjoy different types of legitimacy (e.g. derived from custom or tradition and religion); public oversight institutions (e.g. ombudsperson, human rights commissions etc.); civil society actors, such as individuals, civil society organisations, social movements, associations and networks; media; political parties; academia and the business sector; as well as for example international corporations, multilateral organisations, and transnational criminal networks operating at the global level.
- **Governance is always about politics and power**. The SDC is convinced, that power relations, individual interests and beliefs, societal perceptions or stereotypes are decisive though not always visible factors, which determine access to public resources, services and decision making. It is committed to working on politics and addressing power imbalances that lead to exclusion and create tensions. Along the same lines the SDC advocates for greater **Policy Coherence** of Swiss policies and actions which affect development (e.g. between trade, finances, diplomacy, specific sector policies, development and humanitarian aid). These should not conflict with the SDCs objectives of promoting good governance. In the particular case of violent conflict and humanitarian crisis, the SDC should pay attention to strengthening domestic capacities and institutions instead of creating parallel systems, and it should reinforce the links between relief, rehabilitation, disaster risk management and longer term development work. All Swiss actors involved in development cooperation in SDC partner countries need to work in synergy.
- **The SDC believes that the quality of governance is decisive** and underscores the principles of good governance (see chapter 2.3). They describe how public affairs *ideally should be* managed and political authority should be exercised and negotiated. This underpins SDCs **value based approach**. But the SDC recognises that countries take different political and institutional paths which entail long term and often contradictory processes. This requires **contextualised** and **adapted** approaches that are **incremental** and sequenced over the **long term**. The SDC tries to build on existing systems and dynamics, and to enhance domestic ownership and capacities.
- **People's wellbeing** must be the focus and ultimate goal. Good governance is not an end in itself but **should serve the people's wellbeing**, defined by the reduction of poverty and inequalities, the protection and fulfilment of basic human rights, and the peaceful coexistence among people with diverse identities and interests.<sup>4</sup>

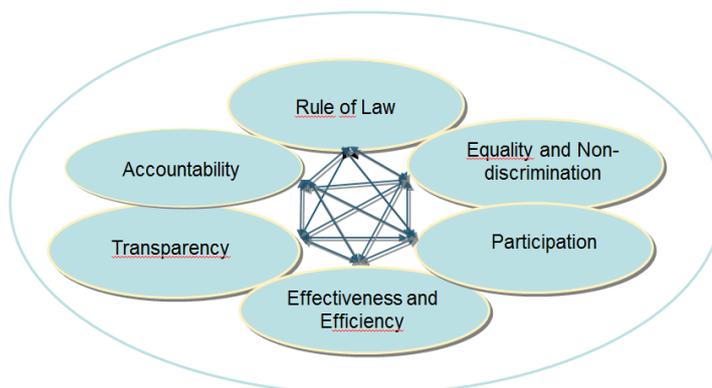
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<sup>4</sup> **Reference frames:** 1. SDC concept of the multi-dimensionality of **poverty and wellbeing** which includes the following: Economic (consumption, income, assets); Human (health, education, nutrition); Socio-cultural (status, dignity); Political (rights, influence, freedom); Protective (security, vulnerability) dimensions. 2. **Core human rights treaties**. 3. **2030 Agenda** for sustainable development. 4. Multidimensional concept of **fragility** and the **peace and state building goals**, (OECD/DAC).

## 2.3 Good governance principles

Core values and principles of good governance are important means for achieving inclusive and sustainable development outcomes and securing peaceful development processes. They can be summarised as follows:

**Participation:** implies that all population segments need to be connected to the social, economic and political processes that affect them. Participation is either direct or through representation. Public spaces must exist where all members of society can express their opinions and interests, and where their viewpoints are treated as serious input in the decision-making process. A free, independent, pluralistic media and empowered citizens who can organise and build alliances are important prerequisites for meaningful participation.



**Equality and non-discrimination:** means that no group may be excluded from power and resources due to gender, ethnic or religious affiliation, sexual orientation or other identities (e.g. poverty, refugee or migrant status, age, widowhood, disability and residence in remote areas or urban slums). Non-discrimination policies must be applied for the express purpose of reducing inequalities, both by improving the terms (ability, opportunity and dignity) of participation in society by marginalised people (**social inclusion**) and by addressing the systemic power arrangements that sustain their marginalisation.

**Transparency:** implies that the public in general, or at least those directly affected, should obtain information from those entrusted with public duties relating to decision-making rationales and criteria, implementation of decisions, and the assessment of their effects.

**Accountability:** accountability refers to the control of the power exercised by the state at all levels of state and society. It entails the right of people to access information, to check and pass judgement on the performance of those entrusted with public duties, and it entails the obligation of those holding power to explain their decisions and to take corrective measures. It also means that good performance is rewarded and abuses punished. Accountability presupposes a clear definition of the functions, duties, and rules for the scope of action of public and private institutions.

**Rule of law:** key elements of the rule of law generally include: the hierarchy of norms and substantive coherence of the legal framework, the government is bound by the law, non-discrimination and equality before the law, the separation of powers, the effectiveness, independence and impartiality of the judiciary and access to legal services and finally the protection and promotion of human rights. In post-conflict contexts transitional justice promotes redress for past human rights violations and enables societies to recover from this legacy of violence. The rule of Law, justice, people's security and human rights are closely connected.

**Effectiveness and efficiency:** refers to state institutions and other actors entrusted with public duties that are capable, results-oriented and responsive in discharging their public duties, i.e. managing the economy, implementing policies, providing goods and services to citizens and maintaining peace and security. It further implies that interaction between

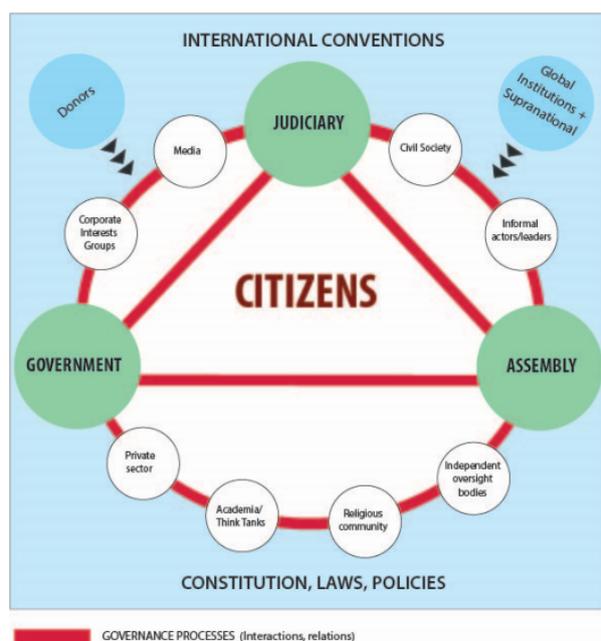
different governmental institutions (vertically and horizontally) and with other public and private sector actors is well-defined and coordinated, and that financial and human resources are used in an optimal fashion, without waste, corruption, or delays.

## 2.4 Core governance dimensions

The SDC approach to governance encompasses the following governance dimensions:

- **Governance at the level of states:** looking at the regulatory and institutional framework, governance stakeholders, processes and underlying politics at different state levels.
- **Governance at the global level:** referring to global rules, institutions, stakeholders and processes at a global level, aiming at joint solutions for global development challenges and shared responsibility for global goods.
- **Governance in all SDC sectors/thematic priorities:** Addresses governance in a particular sector - such a health and in other thematic priorities, listed in the new Dispatch on development Cooperation 2017-2020. It is mandatory and hence must be integrated in operational work of **all SDC departments**.
- **Governance of institutions:** comprising the various processes, policies and habits that influence the way public and non-public institutions and organisations are managed, administered and controlled, and how they interact with other institutions or organisations.

### Governance at the level of states:



A state is governed by **national laws** (most importantly its constitution) and through **policies** which ideally adhere to adopted international and global conventions (e.g. the core human rights treaties, the SDGs etc.). This legal framework applies to all (political/ administrative) levels of a state and to all actors operating within its territorial boundaries.

Involved in the governance of a state are state institutions and multiple other actors that interact with each other and at the same time engage in and are affected by the state's governance. They form **governance processes**, understood as the management of public goods and services, based on shared responsibilities and decision making,

collective action and joint negotiations. The **quality** of these processes is influenced by underlying principles and by the **motivations**, **beliefs** and **capacities** of those involved.

Significantly, this **includes development partners** that are players with considerable influence in a governance system. They can for example significantly distort accountability relations between the state institutions and citizens, if they impose parallel project accountability systems for the sake of their domestic accountability needs, instead of strengthening the accountability functions of national actors, such as parliaments, or the media and others.

Most of these interactions are usually played out at sub-national level, thus emphasising the pertinence of **subnational governance** processes for the governance of a state. The scope and modality of subnational governance depends on the design and the degree of **decentralisation** (clear assignment of responsibilities, decision-making power and adequate share of resources) and multilevel cooperation.

Most importantly, however **people** must be at the **centre** of attention as empowered citizens, rights-holders, users of public goods and services, producers and vendors. The ultimate goal is **to serve their wellbeing (including basic human rights)** and to **create equal opportunities for their participation** in all spheres of life – economic, political, socio-cultural. This requires capable and well-resourced state institutions to comply with the core state functions of providing public services, justice and security, and enabling political participation. It also requires constructive collaboration between multiple responsible actors and effective public oversight.

## **Governance at the global level:**

**Global governance refers to the same definition, approach and principles** as explained above. It concerns the *common orientation* of finding joint solutions to development challenges that go beyond the capacities of individual states, *global responsibility* for common goods (e.g. forests, water resources etc.), *solidarity* and protecting *common values*. An important characteristic is the additional layer of the actors involved, compared to those at the state level. Differences are particularly apparent when it comes to the accountability principle. While norms and standards, guiding principles and joint agendas can be agreed upon at the global level, formally binding enforcement and accountability mechanisms are mostly bound to national jurisdictions. The concept of “mutual accountability and accountability to the intended beneficiaries,” which was confirmed during the 4<sup>th</sup> high level forum on aid effectiveness in Busan 2011, is therefore all the more important.<sup>5</sup>

The SDC approaches global governance from different perspectives and entry points. The Global Cooperation Department manages a portfolio of programmes which touch on aspects of global governance, including water, climate change, food security, health, and migration and development. The **Global Programmes** units also represent the SDC in policy dialogue with UN agencies and international financial institutions and carry out research, analysis and learning activities on global issues for the SDC as a whole. **Other units** such as education and those working on governance-related issues engage in global governance initiatives which are relevant from a development perspective. Finally, the SDC tries to influence the good governance agenda of multilateral organisations as part of its core contributions to them. The **Global Institutions Division** (in collaboration with other Federal offices) and the **Multilateral Affairs Division of Humanitarian Aid** support respective improvements of multilateral institutions in institutional terms and in the context of their operational work.

Below are some selective examples illustrating the broad range of its priorities:

- The SDC promotes good **water governance** with a comprehensive portfolio of global water initiatives, trying to influence multilateral actors (e.g. UN-Water), global networks (e.g. the Global Water Partnership) and global standards (e.g. on water integrity) and promoting joint initiatives working at global, regional and country levels (e.g. the Women for Water Partnership, the Multi Country Integrity Programme, or the Water Diplomacy Programme).<sup>6</sup>

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<sup>5</sup> The 4<sup>th</sup> High-Level Forum on Aid Effectiveness, Busan Partnership Document, December 2011.

<sup>6</sup> SDC Global Water Initiatives Strategic Framework (2013-2017), SDC 2014.

- The SDC supports more **sustainable agricultural production** as an alternative for food security (agro-ecology) and it promotes **natural resource governance** by supporting the dissemination and application of international soft law, e.g. the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT), and by partnering with the Natural Resource Governance Institute (NRGI). NRGI is committed to advancing global transparency norms, strengthening accountability actors and informing policy makers with evidence-based analysis in a range of selected countries.
- The SDC contributes to advancing the **human rights** agenda, for example by cooperating with UN special rapporteurs for human rights on specific issues, or supporting civil society shadow reports during the universal periodic review mechanism of the HR Council.<sup>7</sup>
- It engages in combatting **corruption**, e.g. in the anti-corruption task force of the OECD/DAC, supporting international competence centres (e.g. Transparency International and U4), and in promoting business integrity, combatting illicit financial flows and supporting the return and appropriate investment of stolen assets.
- It promotes **effective, accountable and inclusive institutions** within the Global Partnership for Effective Development Cooperation that emerged from the Busan Partnership agreement in 2011.
- **Swiss Humanitarian Aid** aims at strengthening the legal and operational humanitarian framework and advocates for **principled humanitarian aid**. Therefore it actively engages in global initiatives for example promoting the “principles for good humanitarian donorship” (GHD) and the “core humanitarian standard on quality and accountability” (CHS). These stand for greater accountability vis-à-vis the affected population, and more transparency, efficiency and effectiveness of humanitarian action. They also call for the respect and implementation of international humanitarian law, refugee law and human rights.<sup>8</sup> Swiss Humanitarian Aid also promotes good governance in **UN organisations** (e.g. WFP, OCHA, UNWRA, UNICEF),<sup>9</sup> where it allocates<sup>10</sup> about 30% of its overall budget and in the ICRC with another 30% of its budget allocation. This is a pivotal instrument which can exert considerable leverage on operations on the ground.
- Ultimately, the SDC advocates for the integration and implementation of good governance within the **2030 Agenda** for Sustainable Development, in particular goal 16.

The SDC has set itself the goal of linking the engagements at the global level to its operational practice and to collaboration with domestic partners.

## Governance in SDC sectors/thematic priorities:

This refers to governance as a transversal theme. Sector governance is based on the application of the normative principles of good governance and adopts a systemic and political approach to development processes.

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<sup>7</sup> SDC CHRnet, fact sheets on The Universal Periodic Review – and its relevance for SDC (2015), and on the UN Human Rights Treaty Bodies – and their relevance for SDC, (2016).

<sup>8</sup> Core Humanitarian Standard, supported by many individuals, organisations, institutions worldwide, and launched in December 2012: <https://corehumanitarianstandard.org/the-standard/statements-of-support>; Good Humanitarian Donorship initiative, an informal donor forum and network, endorsed in 2003 with currently 42 members: <http://ghdinitiative.org>

<sup>9</sup> World Food Programme (WFP), UN Office for the Coordination of Humanitarian Affairs (OCHA); United Nations Works and Relief Agency for Palestine Refugees in the Near East (UNWRA), International Committee of the Red Cross (ICRC).

<sup>10</sup> Includes core funding, multi-bi project or programme contributions as well as multi-donor trust funds

It is widely acknowledged that sustainable development outcomes in sectors can only be achieved by also investing in a sector's governance. Promoting multi-stakeholder engagement, negotiating fees for water-related municipal services, the procurement and distribution of medical supplies in local health centres, secured access to land and productive resources for smallholder farmers and the integration of disaster risk reduction measures in local/national development plans are all governance issues that play a crucial role in the sustainable and effective implementation of sector policies and activities.

At the same time, an explicit focus on good governance in sectors is an important element in improving governance at the level of states. Particularly in conflict/post-conflict situations this is an essential building block for rebuilding state foundations. Moreover, improvements in one sector can have positive effects on other sectors. For example, if fiscal transfer schemes in one sector stand the test this can trigger replication in other sectors too.

How to apply governance as a transversal theme in thematic priorities/sectors is described in more detail in the practical guidance document and in a series of sector specific practical guidance papers.

## **Governance of institutions:**

**Institutional governance** (for the public sector or civil society organisations) and **corporate governance** (for the private sector) are associated concepts that both refer to the internal functioning and external interaction of private sector companies, public sector institutions and civil society organisations. It refers to the regulations, institutional set up and resources of an institution, the ways of internal and external interaction and the quality of its performance. This is also defined by the values an institution represents and advocates and the (enabling) environment in which it operates.

The integration of good governance in institutional practice is key to ensure institutional integrity and make sure that SDC staff and partners promote related values and approaches. In the private sector the concept of responsible business conduct (RBC) has been developed. RBC stands for responsible, reasonable, fair, transparent, accountable, inclusive and therefore sustainable business practices. Private sector companies adhering to such principles are particularly interesting for engaging in public-private development partnerships (PPDP).

In order to work together with implementing partners and with private sector companies, the SDC has developed specific partner risk assessments tools which are deployed prior to any contractual relation. In addition, the SDC has developed a set of selection criteria for Swiss NGOs benefiting from the core contribution arrangement.<sup>11</sup> The SDC also offers support for strengthening partners institutionally and improvement their governance structures and practice. In many countries, it supports umbrella organisations and professional associations that establish and promote binding principles and standards for their member organisations in order to contribute to effective and sustainable governance.

The SDC's own institutional governance is regulated through a variety of rules and principles, many of which are related to internal control systems, i.e. procurement regulations, audit and financial control systems, and targeted measures to prevent corruption. It has also developed rules and principles related to its institutional set-up, such as the division of labour between

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<sup>11</sup> i) SDC Guidelines for Risk Assessment (entry and credit proposals), including chapters on partner risk assessment and mitigation, F+S net and quality assurance; currently under revision. ii) SDC Risk Assessment for Partnerships with the Private Sector, Institutional Partnerships Division, March 2015. And: SDC selection criteria for core contribution to Swiss NGOs (2013-2016), Institutional Partnerships Division, 2012.

the head office and field offices, and those related to values, such as the principle of workforce diversity, the equal opportunities policy for women and men, the promotion of multilingualism, equal opportunities for people with disabilities and the code of conduct for SDC employees. While these rules apply mostly internally, the SDC's engagement with partner organisations should reflect these same principles to further good governance systems in partner countries.

### **3. Key thematic priorities in the governance domain**

Within the governance domain as a thematic domain in its own right, the SDC is focused on a range of thematic priorities (see below). Institutionally mainly three governance-related thematic units and networks are working on these topics: the Democratisation, Decentralisation and Local Governance (DDLG), Conflicts and Human Rights, and Gender networks. The topic of economic governance is addressed by the Employment and Income network and the Analysis and Policy Division. All share the systemic and political approach to development processes and promote good governance principles, albeit with slightly different emphases.

#### **Democratisation:<sup>12</sup>**

Democratisation is at the heart of promoting good governance. Democratic systems are based on the concept of people's *participation* and consent, public overview and *accountability* and the *rule of law*. People are considered *equals* in the exercise of their civic and political rights. Democratic values thus reinforce good governance principles. The SDC contributes to fostering democratic systems through comprehensive support for important pillars of democracy, including democratic institutions and processes. It includes the democratisation of the executive, well-functioning and representative parliaments and the judiciary, and the empowerment of civil society and the media, as well as engaging with political parties. Furthermore the SDC promotes spaces for participation, collective action and public oversight, and transparent, inclusive and non-violent elections.

#### **Decentralisation and local governance:<sup>13</sup>**

Decentralisation defines the *framework conditions for local governance* by determining the degree of devolved functions, financial and human resources and decision-making authority at subnational levels. The SDC supports a comprehensive and coherent approach to decentralisation reforms, where assigned functions, funds and decision-making authority ideally are in congruence and the different levels cooperate accordingly. It believes that localised arrangements lead to more accessible and responsive state institutions, and enhance the chances for participatory development and decision-making. But decentralisation per se does not lead to good governance and must be linked to improved conditions for good governance at subnational levels in order to address elite capture, corruption and power imbalances. For many years the SDC has supported local governance programmes, on the one hand by strengthening state institutions in fulfilling their public duties according to good governance concepts and principles, and on the other by enhancing civic engagement and collaborative arrangements between multiple actors.

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<sup>12</sup> SDC policy on Democratisation, Decentralisation and Local Governance (DDLG), SDC 2016, p. 18-21.

<sup>13</sup> See SDC policy on DDLG, p. 21-26.

## Peace and state building:<sup>14</sup>

Fragility and conflict have their roots in dysfunctional relations between the state and society and in a lack of social cohesion. This is due to weak state capacities to carry out basic public functions, endemic corruption, exclusion of particular members of society and perceived injustice, mistrust and alienation. In response, the “New Deal for Engagement in Fragile States” sets out five Peace and State Building Goals (PSGs): legitimate and inclusive politics; security; justice; economic foundations and revenue and services. Obviously, this requires capable state institutions and inclusive arrangements for carrying out core state functions and managing the public sector. It also calls for people’s involvement and consent, shared decision making and legal protection. Hence, the promotion of good governance is essential to rebuild the foundations of a state. The governance concept, for its part, can further evolve with an emphasis on trust building and legitimate politics (considering a broader range of relevant formal and informal political actors and their collective engagement), and with the notion of fragility giving more attention to visible and invisible conflictual relations.

For the SDC, the reduction of fragility means reduction of the causes of conflict, related to societal, political, economic and environmental factors. For example: strengthening society-state and inner-societal cohesion and inclusive, transparent and responsive political processes to withstand violence; reducing the vulnerability of societies towards risks stemming from weak employment and livelihood conditions, unbalanced, unequal economic growth and negative environmental and, climatic effects. In this regard all sector programmes and aid modalities can contribute to peace and state building. At the global level the SDC has for several years been supporting the -“New Deal”- agenda and is advocating for good governance and peace and state building in relation of the 2030 agenda, particularly SDG 16. The SDC plays an active role in promoting conflict-sensitive programme management in programmes and institutions at the global level and within its own operational work. This means systematically taking into account the risks of SDC engagement in conflict situations and identifying additional programming measures that contribute to conflict prevention and transformation. Promoting shared decision making arrangements and inclusive dialogue and collective action are important in this regard.

## Human Rights:<sup>15</sup>

The concept of human rights puts *people at the centre* of governance. The international human rights treaties, adopted by a majority of UN member states, provide a *normative* frame of reference for states and their national laws to respect, protect, promote and fulfil the basic rights of people. For example in the case of basic social rights (health, education etc.) respective human rights criteria require that such rights must be available, accessible (affordable, reachable, and non-discriminatory), acceptable (quality) and adapted to specific needs of different population groups. This strong normative foundation is a clear strength of the human rights based approach. The emphasis on “*state obligations*” and “*people’s rights*” is a powerful concept where escaping poverty is no longer perceived as a need-based phenomenon and people are no longer mere beneficiaries. This however requires solid good governance foundations with the existence of adequate legislation, capable and responsive state institutions and empowered citizens claiming their rights, participating in public affairs and holding state institutions accountable. As such the human rights based approach and the

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<sup>14</sup> Peace Building and State Building Strategy for SDC’s work in fragile and conflict contexts, SDC 2015.

<sup>15</sup> SDC Human Rights Policy: towards a life in dignity – realizing rights for poor people.

promotion of good governance are mutually reinforcing and they both refer to similar principles, namely the rule of law, participation and accountability, equality and non-discrimination.

The SDC is engaged at the global and national levels to enforce human rights treaties and to promote adherence to basic human rights in national legislation, strategies and policies, for example the R2food, R2 basic social services, R2 information, freedom of assembly and association, and media freedom. It supports human rights organisations and independent human rights commissions in partner countries, which are protecting and advocating for human rights. It also promotes the rights of disadvantaged groups, such as women, children, ethnic or religious minorities, migrants and refugees.

### **Protection of civilians:<sup>16</sup>**

As one of the priority themes Swiss Humanitarian Aid, the protection of civilians involves all activities aimed at ensuring full respect for the rights of people who do not (or no longer) take part in hostilities. Special emphasis is placed on the civilian population, in accordance with the letter and spirit of relevant laws. These rights are mainly enshrined in international humanitarian law (IHL). Human rights law, refugee law, international criminal law and specific national laws all provide additional layers of protection. The protection of civilians in armed conflict includes not only keeping civilians out of harm's way but also ensuring that they may continue to live in dignified conditions.

Protecting civilians involves not only responding to violations that have already occurred, but also preventing further violations and reducing the vulnerability of persons to be protected. This objective is pursued through a range of actions designed to prevent and limit violations, reduce the consequences of conflict and create a safer environment. Humanitarian aid complements and reinforces these actions with a focus on three key domains where it has an overriding engagement and experience: a) reduce violence against children, b) forced displacement and the quest for durable solutions, and c) provide legal identity and civil documentation for all.

### **Gender Equality:<sup>17</sup>**

Gender equality has its basis in international human rights law and addresses in particular the governance principle of equality and non-discrimination. This implies that women and men have the same right to develop their potential and participate in all spheres of life – economic, political and socio-cultural, at home and at every level of society. It means equal participation, representation and influence for women and men in the management of public affairs and in the codetermination of key areas of political concern and the allocation of resources. Women and men should benefit equally from the provision of public goods and services. This highlights the importance of inclusive and responsive, hence more effective governance. Gender equality and good governance are thus strongly interrelated and mutually reinforcing approaches. However, in reality, managing public affairs is still often seen as a men's issue and women's participation and influence in decision making is far from equal to men's.

The SDC approaches gender equality with standalone programmes and as a mandatory transversal topic within sectors. It supports state institutions in taking measures for equal access of men and women to public goods, services and resources, to public decision

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<sup>16</sup> Swiss Strategy on the protection of civilians in armed conflicts (2013) and SDC/HA Operational Protection Concept 2017-20.

<sup>17</sup> Gender Equality – a key for poverty alleviation and sustainable development, SDC 2003.

making and legal protection. It promotes for example gender-responsive public resource management, including gender responsive budgeting initiatives. A range of targeted measures foster women's individual and collective capabilities to participate in and influence decision-making about issues that concern them. For example: promoting their equal representation and voice in state institutions, supporting female candidates and women's equal participation in elections, or strengthening women's advocacy organisations. The SDC also engages at the global level, for example within the framework of UN Women, and the 2030 Agenda and in promoting the enforcement of the Convention of the Elimination of all Forms of Discrimination Against Women.<sup>18</sup>

Not to forget finally that the principle of equality and non-discrimination requires similar measures in relation to other dimensions of identity along which people are excluded, like: disability, poverty, ethnicity, skin tone or place of residence. **Social inclusion** is a process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society.

### **Combatting Corruption:<sup>19</sup>**

Corruption is perceived as a major obstacle to development, and the SDC is committed to the fight against corruption. It follows a combination of approaches: it works with state institutions in partner countries to reduce opportunities for corruption, to increase transparency and financial management capacities, to enhance the Parliament's oversight role and the Judiciary's role to stop the vicious cycle of impunity. It supports public oversight institutions and initiatives, such as anti-corruption commissions or citizens' and, civil society initiatives and the role of media as a watch dog. The SDC also promotes the integrity of the business sector. Corruption is either addressed with specific anticorruption programmes or as a transversal theme in SDC programmes, by promoting the principles of transparency and accountability. At the global level the SDC is engaged in various anti-corruption initiatives, (e.g. the United Nations Convention against Corruption (UNCAC), the Stolen Asset Recovery Initiative (StAR) of World Bank Group and the UN Office on Drugs and Crime), and it supports international competence centres. It has for example a partnership with Transparency International, U4 Anticorruption Resource Centre, and the International Centre for Asset Recovery in Switzerland. Importantly, the SDC takes measures to prevent or combat corruption within its own institution and programmes, including in its collaboration with implementing partners, and it advocates for Switzerland's coherent anti-corruption policy. In this regard the SDC is engaged in combatting illicit financial flows and promotes the responsible conduct of Swiss private sector companies operating in partner countries. In Collaboration with other departments, the SDC is strongly committed to the return of stolen assets to the countries of origin.

### **Economic governance:**

Economic governance refers to rules, regulations and standards, institutions and actors and processes shaping the functioning of the economy, at local, national and global levels. Good economic governance is based on the same definitions and approach as described above. It aims at more inclusive, balanced, accountable and sustainable economic development. It touches on different aspects:

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<sup>18</sup> Gender at SDC – strategic lines and thematic priorities 2015-2018, SDC 2015; Fact sheet on gender and democratization, decentralization and local governance, SDC 2016.

<sup>19</sup> SDC strategy on Fighting Corruption, SDC 2006.

- Fiscal, monetary, financial policies and investments for the financing of public goods and services and infrastructure development;
- Supporting enabling conditions for market system development, e.g. in value chains, business services, vocational skills development, labour markets and financial markets;
- Creating favourable business environment conditions;
- Setting minimal rules for transparent and accountable business/market transactions and for responsible business conduct of the private sector.

At the global level international organisations and financial institutions such as the World Trade Organisation, the International Monetary Fund and the World Bank group, as well as international free trade and investment agreements are gaining in importance in the context of rules-based global economic governance.<sup>20</sup>

The State Secretariat for Economic Affairs (SECO) is working on different dimensions as well, ensuring complementarity and coordination with the SDC.

The SDC addresses economic governance from multiple angles and at multiple levels, in particular:<sup>21</sup>

- **Market system development (MSD):** The MSD approach starts from a systemic understanding of markets as a multi-function and multiplayer arrangement comprising core exchange functions (of goods and services), and supporting functions and rules. It aims at transforming the market systems that matter most to poor women and men. SDC activities try to catalyse positive change in the behaviour of market players and improve market systems so that they function more efficiently and inclusively and are more responsive to the needs of poor women and men. Importantly, the public sector must create an enabling environment by enacting laws that regulate and better enforce market transactions, by defining favourable policies and designing targeted measures to include the poor and disadvantaged groups.
- **Local economic development (LED):** LED is a process that seeks to transform the way economic and political decisions are taken at the local level. It takes place through organised negotiation processes, between local actors from the civil society and the public and private sectors that address the different challenges faced by a territory. Through multi-stakeholder-consultation, LED endeavours to make a more efficient and sustainable use of existing and potentially available resources, aspires to build socio-economic opportunities and works to strengthen good local governance. Where possible national governance is improved (e.g. improved fiscal decentralisation).
- **Business environment:** the SDC contributed to the practical guidance for supporting business environment reforms issued by the Donor Committee for Enterprise Development, and promotes more conducive business environment conditions in partner countries, for example by supporting the design of appropriate regulations, fair taxation, the establishment of supportive infrastructure and space for participation in public decision making. It also engages in discussions on SDG Goal 17 and finding ways to enhance private sector involvement in development (e.g. public-private development partnerships, incentives for social entrepreneurs and social business etc.).
- **Global standards in microfinance:** The SDC is committed to enhancing inclusion, transparency and accountability in the global microfinance industry. It has contributed

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<sup>20</sup> See also: <http://www.undp.org>; <http://www.oecd.org/dac/>; <http://www.seco-cooperation.admin.ch/themen/00911/00912/>

<sup>21</sup> For more information on some of the topics see also: <https://www.shareweb.ch/site/EI/Pages/Home.aspx>

considerably to develop and implement global standards for the appropriate treatment of low-income clients, to promote social performance measurement and the management of microfinance institutions and their social rating. The SDC is also contributing to the improvement of corporate governance for microfinance institutions and cooperatives by developing with partners methodologies, markets for reform processes and more demanding sector regulation.

- **Public finance management (PFM):** PFM is about public income and expenditure management of state institutions, i.e. the way they generate and collect income, how they budget, execute and account for investments, and the oversight mechanisms in place to control appropriate use of public finances. The SDC is engaged in PFM mainly at subnational levels, as part of comprehensive local governance programmes or sector programmes. This allows for an integrated approach to public resource/public finance management. Besides technical advice and coaching, the SDC provides on-system budget support to subnational governments, either via the respective ministries or directly to subnational governments accounts. This funding modality is perceived as an intermediary step to enhance domestic intergovernmental fiscal transfers, and in most cases it is combined with performance-based criteria to improve good governance practice by grantees. In sector wide approach initiatives (SWAp), PFM support activities also include the central government level (public sector financing). At the global level, the SDC advocates for more transparency and accountability of financial transactions.

Typically PFM support activities typically include: improving the data base for informed policy making and financial planning, promoting open, inclusive and participatory budgeting processes, enhancing capacities of subnational governments to generate their own revenues (e.g. taxation, cadastral registration, private sector investments etc.) and improving intergovernmental fiscal relations (predictability, reliability, adequacy of fiscal transfers, oversight mechanisms), strengthening subnational governments budget execution, procurement and accounting capacities, improving audit systems and very importantly, reinforcing accountability relations between (subnational) governments, parliaments, civil society and the private sector, which includes the access to open budget information.

- **Illicit financial flows:** with the Addis Ababa Action Agenda 2015, illicit financial flows finally became a key priority of the international community and a key factor for implementing the 2030 Agenda. In line with this international consensus, a Federal Council report recognised that illicit financial flows can only be curbed through an internationally coordinated and comprehensive approach, and acknowledged Switzerland's co-responsibility and need for action internationally and domestically.<sup>22</sup> Given the global nature of illicit financial flows, the SDC contributes at different levels: internationally, it promotes better governance on the ground, in particular by curbing corruption, and it promotes full inclusion of developing countries in the new international taxation regimes, including to mechanisms to prevent tax avoidance/tax evasion. Ultimately, the nexus between bad governance, peace and stability needs more attention. In the domestic context, the SDC seeks to draw attention to potential discrimination of developing countries and loopholes in Switzerland's legislation which might allow for illegal financial transfers (money-laundering and corruption) to the Swiss

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<sup>22</sup> Unlautere und unrechtmässige Finanz-flüsse aus Entwicklungsländern. Bericht des Bundesrates in Erfüllung des Postulats 13.3848 (Ingold) vom 26. September 2013 und des Postulats 15.3920 (Maury Pasquier) vom 23. September 2015. <https://www.news.admin.ch/news/message/attachments/45657.pdf>. For an independent analysis see Kathrin Betz/Mark Pieth, *Globale Finanzflüsse und nachhaltige Entwicklung: Auch eine Folge von «Panama»?* - Published in German (only) in *Zeitschrift für Schweizerisches Recht Band 135 (2016) I - Heft 4, S. 353-383.*

financial centre. In all these areas, a better understanding of mechanisms and driving forces of illicit financial flows is key.

- **Extractive industries and commodity trading:** Given that Switzerland is one of the world's most important hubs for the global trade in soft and hard commodities (and processing, in the case of gold), natural resource governance is a particularly relevant topic to Swiss development policy.<sup>23</sup> Concerns are related to different stages of the supply chain and include undiversified economic development, as well as political corruption, environmental damage, human rights violations, and profit shifting – topics closely related to minimal requirements for responsible business conduct. From a Swiss perspective, a particular challenge is transparency in commodity trading. Contributing to the Swiss government's overall policy<sup>24</sup> the SDC is promoting better governance at different levels, with programmes at national and regional level in a selected number of countries, as well as at the global level with contributions in respective fora, with partnership with other agencies and non-state actors. Domestically, SDC contributions aim at making Swiss policies and Swiss legislation compatible with the legitimate interests of developing countries, and thus to contribute to policies coherent with development objectives and the 2030 Agenda.
  
- **Responsible business conduct (RBC):** the SDC promotes responsible business conduct nationally and internationally. RBC is understood as a corporate governance element which is mainstreamed in all the activities of a business, through which it aims to actively reduce its negative impacts on society and the environment and contribute positively to sustainable development. It entails compliance with laws and standards, including those relating to respect for human rights, environmental protection and labour relations, even where these are weak or poorly enforced. It also implies a proactive and constructive engagement with a multiplicity of stakeholders such as non-governmental organisations or local communities in order to respond to societal expectations. To promote RBC, the SDC is engaged in activities and international policy dialogue both in Switzerland and internationally, notably at the UN and at the OECD: the SDC actively supports the UN Global Compact, as well as the implementation of the action plan of the National Contact Points of the OECD Guidelines for Multinational Enterprises.<sup>25</sup>

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<sup>23</sup> Swiss Academies Factsheets Vol. 11, No 1, 2016: Switzerland and the Commodities Trade. Taking Stock and Looking Ahead [https://www.shareweb.ch/site/Development-Policy/Documents/a+\\_factsheet\\_rohstoffe\\_ENG\\_web.pdf](https://www.shareweb.ch/site/Development-Policy/Documents/a+_factsheet_rohstoffe_ENG_web.pdf); Swiss Academies Factsheets Vol. 11, No. 2, 2016: Making the Commodity Sector Work for Developing Countries. Local Impacts, Global Links, and Knowledge Gaps [https://www.shareweb.ch/site/Development-Policy/Documents/a+\\_factsheet\\_2016\\_COMMODITIES\\_2.pdf](https://www.shareweb.ch/site/Development-Policy/Documents/a+_factsheet_2016_COMMODITIES_2.pdf)

<sup>24</sup> Swiss Federal Council (2013) Background Report: Commodities <http://www.news.admin.ch/NSBSubscriber/message/attachments/30136.pdf>

<sup>25</sup> See: <https://www.unglobalcompact.org/>; <http://www.oecd.org/corporate/mne/>

## Glossary

Budget support	Provision of donor aid through government budgets – either through general budget or sector budgets – thus increasing partner countries’ control over aid funds ( <a href="#">DAC 2011</a> )
Corporate social responsibility (CSR)	Corporate social responsibility refers to the responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders (EC Definition)
Decentralisation	<p>Political decentralisation: transfer of political power and decision-making authority to sub-national levels, such as elected village councils, district councils or provincial councils.</p> <ul style="list-style-type: none"> <li>▪ Fiscal decentralisation: intergovernmental fiscal transfers to sub-national governments which allows them to function properly. Fiscal decentralisation policy also addresses such issues as revenue assignments (assignment of local taxes and revenue-sharing), sub-national government borrowing and debt, and the assignment of expenditure responsibilities.</li> <li>▪ Administrative decentralisation: transfer of functions, resources and responsibilities for the delivery of selected public services from the central government to other lower levels of government.</li> <li>▪ Political decentralisation: transfer of political authority and decision making to lower government levels.</li> </ul>
Democratisation	At its core, democracy is a system in which the government is controlled by the people and in which citizens are considered equals in the exercise of that control. The legitimacy of political institutions is based on people’s consent, either by direct voice or through representation. This is usually backed by constitutional guarantees for equal rights to vote, freedom of thought and a free media, equality before the law, the separation and control of powers and the principle of the rule of law which binds state authority to a constitutional framework and legal norms.
Empowerment	“Empowerment is the process of increasing the assets and capabilities of individuals or groups to make purposive choices and to transform those choices into desired actions and outcomes.” (WB)
Financial transfers	Financial transfers are an important aspect of the vertical dimension of multi-level governance, and define the fiscal relation between central and sub-national tiers of governance by their nature (conditional or unconditional; predictable or unpredictable). Ideally, financial transfers promote mutual vertical accountability and thus

	strengthen institutional governance.
Fragility	A fragile region or state has weak capacity (organisational, institutional, and financial) to carry out basic governance functions, and lacks the ability to develop mutually constructive relations with society. Fragile regions or states are also more vulnerable to internal or external shocks such as economic crises or natural disasters. <sup>26</sup>
Functional assignment	Refers to the assignment of state functions to different actors and institutions (both state and not-state) in a multi-tier government system. In decentralisation reforms, the assignment of core functions is re-organised in order to enhance governance efficiency and effectiveness. (GIZ)
Gender responsive budgeting	“Gender-responsive budgeting (GRB) is government planning, programming and budgeting that contributes to the advancement of gender equality and the fulfilment of women's rights. It entails identifying and reflecting needed interventions to address gender gaps in sector and local government policies, plans and budgets.” (UNWOMEN)
Global governance	Global governance refers to how global affairs which go beyond the capacities of individual states are managed. Collective interests, rights, obligations and differences are negotiated across a variety of stakeholders including states, intergovernmental, regional and international organisations and citizens. Rules and agreements derived from global governance processes affect both national governments and international organisations, enforcement however remains a challenge given the lack of jurisdiction in many areas. (from: WHO and others)
The 6 governance principles	<p><b>Accountability:</b> refers to the control over power exercised within state and society at national as well as sub-national level. Mechanisms to ensure accountability involve the right of people to access information, to check and render judgements on the performance of those assigned with public duties, and it is about the obligation of the people holding power to explain their decisions. In addition, it concerns the duty of the controlling agencies to reward good performance and to sanction abuses of power. Accountability presupposes clear definitions of the functions, duties, and rules for the scope of action of public and private institutions.</p> <p><b>Effectiveness and efficiency:</b> implies the result-oriented performance of state institutions in assuming their public duties to serve the wellbeing of people. It further implies that financial and human resources are used in optimal fashion, without waste, corruption, or delays.</p> <p><b>Equality and non-discrimination:</b> these involve the notion that everyone is entitled to the same rights without distinction or exclusion on the basis of ethnicity, race, religion, social status, sex,</p>

<sup>26</sup> OECD (2011): International engagement in fragile states: can't we do better?

	<p>language, origin, political opinion, membership of a group, birth, or other status (for example disability, age, place of residence, or sexual orientation). In the context of development, equality and non-discrimination are central with regards to decision-making power and access to services and resources. Mechanisms to overcome discrimination may involve affirmative action policies for excluded or marginalised groups (women, ethnic minorities, indigenous peoples, persons with disability, etc.) which aim at reducing inequality by increasing representation or advancement of these groups in areas such as education, work, or political office. Equality and non-discrimination principles lie at the heart of the concept of social inclusion.</p> <p><b>Participation:</b> implies that all population segments need to be connected to and able to have a voice in the social, economic, and political processes that affect them, either directly or through legitimate institutions that represent their interests. This means that public spaces are required where different groups can express dissenting opinions and personal interests, and where these viewpoints are treated as serious input in the decision-making process. Participation is built on freedom of speech and capacity to participate constructively.</p> <p><b>The rule of law:</b> the rule of law is a principle of governance according to which all persons, institutions and entities (public and private), including the state itself, are accountable to laws that are publicly promulgated, equally enforced, and independently adjudicated and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency.<sup>27</sup></p> <p><b>Transparency:</b> implies that the public in general, or at least those directly affected, should obtain information from the state about the rationale underlying decisions, decision-making criteria, the intended manner of implementing a decision, and any insight into its effects for the public to understand and monitor these institutions and processes.</p>
Governance processes	<p><b>Governance processes</b> are understood as the arena – more or less participatory, transparent and inclusive – where the stakeholders articulate, negotiate and dispute their interests and political ideas, where interests or ideas are either admitted or oppressed, where power is exercised, where policies and strategies are devised and rules and norms, including informal ones, are agreed upon. It includes <b>accountability processes</b> which are</p>

<sup>27</sup> From: "The rule of law and transitional justice in conflict and post-conflict societies", Report of the UN Secretary General, 2004. See also: Rule of Law, Justice Sector Reforms and Development Cooperation, SDC concept paper, 2008.

	understood as the whole set of check and balance mechanisms that prevent a system from degenerating, e.g. assemblies that hold their governments accountable, a mayor who informs a citizens' assembly about the municipal budget or NGOs that exercise their watchdog role over governments or multinational companies.
Hybrid regime	Used to describe regimes that combine democratic (formal democratic institutions, some civil and political freedoms) with authoritarian or illiberal traits.
Informal local governance institutions	While state institutions are key actors, in many parts of the world important governance functions – service delivery, dispute resolution, representation and electoral politics – are influenced or mediated by institutions that operate wholly or partly outside the formal structures of the state. The nature of these informal local governance institutions (ILGIs), as they are called, differs widely from context to context. Even within a particular context, different kinds of ILGIs can operate in different ways and the category of 'traditional authority', for example, may need to be broken down further. Furthermore, one may encounter different degrees of informality, from a hidden status to the formal recognition by the state. Nevertheless, there are a few characteristics that the type of institution this frame focuses on share in common: <ul style="list-style-type: none"> <li>- They are state-like to the extent that they enjoy general local territorial authority and deliver services.</li> <li>- They stand in ambiguous, variable and contested relationships to the formal state apparatus.</li> <li>- Intermediation between their populations and the external world constitutes a significant part of their activities.</li> </ul>
Local governance	Local governance describes a set of institutions, actors, mechanisms and processes through which local state institutions (including the executive, legislative and judiciary) exercise their duties and citizens can articulate their interests and needs, mediate differences and exercise their rights and obligations.
Multilevel governance	Multilevel governance describes a complex system of overlap and interdependence of several tiers of governments with shared functions. It comprises both a vertical and a horizontal dimension. It is usually applied to federal states and supranational unions, such as the EU.
Oversight bodies	Bodies that oversee public sector bodies, such as ombudsman, auditor general, Parliament, and independent commissions, and ensure compliance with their legal mandate.
Peacebuilding	Actions and policies aimed at reducing the risk of lapsing or relapsing into conflict and creating the necessary conditions for sustainable peace by building trust and addressing the deep-rooted structural causes of violent conflict in a comprehensive manner (UNSG 2009; OECD 2011)

Places and spaces of power and participation	Refers to the power cube developed by the Institute of Development Studies (IDS). It differentiates between formal / closed spaces (enter by formal position, membership, or representation), invited spaces (enter by invitation from those who created the space), claimed spaces (enter by creating and controlling your own space). These can be found at different levels (from household up to global)
Power relations	The relation between different actors is governed by different dimensions of power, such as: formal power (visible, e.g. due to function, financial power etc.), hidden (behind the scenes), informal (internalised, shaped by societal norms, beliefs). Power is expressed in different forms, i.e. power over someone (hierarchy, domination, control), power to (capacity to act), power shared with someone (mutual support, alliance) or power from within (dignity, self-confidence).
Power sharing	Vertical power sharing refers to the division of powers across a multi-tier government system, the devolution of political authority to sub-national levels of government and the establishment of sub-national jurisdictions.  Horizontal power-sharing refers to the division of powers at the same tier of government, e.g. local, provincial or national, usually between the executive, judiciary and legislative branches.
Political economy analysis	“Political economy analysis is concerned with the interaction of political and economic processes in a society; including the distribution of power and wealth between groups and individuals, and the processes that create, sustain, and transform these relationships over time” (DAC-OECD). It combines the economic principle of rational behaviour that influences decision making with the political perspective of power positions and power relations. Tools help to identify ways to maximise support, or minimise resistance, find the right incentives and targeted activities for more cost effective results and more transformative (political) change processes.
Public-private partnership	“A long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance”. (PPP Knowledge Lab)
Regional development	The development of functional spaces or economic areas at subnational level (from DDLG Policy Paper).
Social inclusion	“The process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society” (WB)

Social fabric	Social fabric refers to the strength of interpersonal relationships within one particular community. (Ahlbrandt and Cunningham (1979) <sup>28</sup> ).
Statebuilding	An endogenous process that enhances capacity, institutions and legitimacy of the state, driven by state-society relations (OECD, 2011).
Systemic approach	Is based on a systemic understanding of governance, which refers to different stakeholders (state and non-state) as interdependent elements of the same governance system. Activities are designed with a view to achieve a systemic impact, while working with individual elements of the system.
Systems theory	Systems arise from interactions and functional relations between different elements that establish a certain order or pattern. Essential to the notion of systems theory is the absence of a centre of control, as interactions and relations are self-organised and self-producing. <sup>29</sup>
Using country systems	An approach to building effective institutions by committing to use national systems of public financial management and procurement as the default approach for development co-operation in support of activities managed by the public sector (based on the Busan Partnership for Effective Development Cooperation)
Voice	Describes to what extent citizens are able to express their views and interests and demand action from authorities. Closely linked to the concept of accountability, without which citizens' voice remains largely ineffective.

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<sup>28</sup> Ahlbrant, R. S., & Cunningham, J. V. (1979). *A new public policy for neighborhood preservation*. New York: Praeger.

<sup>29</sup> Bevir M. (2009) *Key Concepts in Governance*, p. 20. Sage Publications