

# SDC's Approach to Governance

- **Introduction** to the conceptual and practical guidance documents
- **Part 1** Governance in the SDC  
Conceptual guidance  
Definitions, approach and priorities
- **Part 2** Governance as transversal theme  
A practical guide  
Integrating governance in SDC sectors and priority themes
- **Part 3** Governance in health  
A practical guide

Published in 2017



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**Swiss Agency for Development  
and Cooperation SDC**



**SDC NETWORK**

**Democratisation, Decentralisation  
and Local Governance**

# The SDC's Approach to Governance

## Introduction to the Conceptual and Practical Guidance Documents

Governance determines the foundations, politics and functionality of a state and the global development agenda. As such it constitutes a key element for the SDC's development work both in partner countries and at the global level. It is crucial for supporting democratic transition processes and for rebuilding state foundations in fragile, conflict or post-conflict situations.

### 1. Supporting SDC staff and partners

The series of guidance documents that have been produced are intended for **SDC development practitioners** at head office and in cooperation offices, but also for **partner organisations**, to assist them in approaching governance in a more coherent and systematic way throughout the project cycle management process and within their own and partner institutions/organisations.

### 2. The need for conceptual and practical guidance

Over the years the SDC has developed sound experience in addressing governance issues and is producing solid and sustainable results. It has developed core competence in several governance dimensions and plays an influential role in partner countries and at the global level. There is nevertheless a need to better reflect recent developments and trends (globally and within the SDC) in this thematic field and to provide stronger guidance on how to integrate governance aspects more systematically into operational work.<sup>1</sup> As a consequence the SDC needs to update current governance definition, and provide corresponding conceptual and practical guidance. That is the ambition of the series of guidance documents which describe how the SDC is positioned today and explain how it perceives different governance dimensions and the thematic priorities in the governance domain, as well as their intersections. The documents also provide practical guidance and examples of how to integrate all this into the SDC's operational work.

The notions of politics and power, legitimacy of state institutions and people's trust in them, as well as the need for collaborative and inclusive governance arrangements, have become much more significant in recent years. This is particularly important in fragile and conflict contexts where the SDC is stepping up its engagement. Furthermore, much greater emphasis is now put on a systemic perspective of governance, which implies working strategically with multiple actors at multiple levels (from sub-national to national to global levels) and systematically fostering respective interlinkages. The SDC strives to combine interventions in partner countries

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<sup>1</sup> See findings of the independent evaluation on SDC's Performance in Governance Programming and Mainstreaming, March 2015 E.T. Jackson and Associates Ltd., Ottawa – Canada

with governance related discussions/initiatives at the global level, and it tries to partner with and influence multilateral organisations in their governance approaches. The SDC is also acting in Switzerland to promote the coherence of Swiss policies that affect governance in partner countries and globally, (the SDC's engagement in combatting illicit financial flows is a case in point).

The ultimate goal is to foster the effectiveness and sustainability of SDC programmes in terms of reducing poverty and inequalities, promoting the protection and fulfilment of human rights and enabling peaceful co-existence.

### 3 Structure and content

The updated governance guide is divided into **three main parts** contained in three separate **working documents** that build on an earlier version of a guide for implementing governance as a transversal theme.<sup>2</sup>

The three documents offer the following:

- **Governance in the SDC – Definitions, Approach and Priorities:** this document explains the SDC's definition of and approach to governance, and describes the thematic priorities that constitute the governance domain, including their intersections. It also provides a glossary of related key terms.
- **Governance as a transversal theme – A practical guide to integrating governance in SDC sectors/priority themes:** this document provides a guiding framework to assess governance shortcomings and identify entry points/change areas. It explains how to integrate governance along the PCM steps and provides numerous concrete examples and an overview of SDC analytical tools.
- **A series of sector-specific practical guidance papers for specific sectors/priority themes.** The first guidance paper focuses on health; guidance papers on other sectors/priority themes are already under way.

The three documents integrate current best practice principles and are intended to be used as **working documents**. As such they do not provide much information about the global development agenda and the approaches of other development partners, nor do they describe in detail the significance of governance for Switzerland's policy, or the SDC's future strategic priorities in this thematic domain. These aspects will be elaborated in a subsequent SDC governance policy document (normative "Leitdokument B").

The documents also examine in less detail how to integrate governance in institutions and organisations because it goes beyond the mandate and know-how of the thematic unit in charge (SDC thematic unit for democratisation, decentralisation and local governance, DDLG).

The documents are structured in a way that they can be read in isolation from each other. If time permits it, however, we recommend reading all three documents to gain a full and integrated understanding.

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<sup>2</sup> Governance as a Transversal Theme – an implementation guide, SDC 2007.

## **4. Support for implementation**

The thematic unit/network for democratisation, decentralisation and local governance (DDLGN) has the mandate to enhance the integration of governance as a transversal theme, and is at the same time responsible for a number of the SDC's thematic priorities within the governance domain (specifically those related to DDLG). In collaboration with other concerned thematic units/networks it is committed to supporting the implementation of these guidance documents, for example through seminars, advisory services and analysis during PCM milestones.

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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>

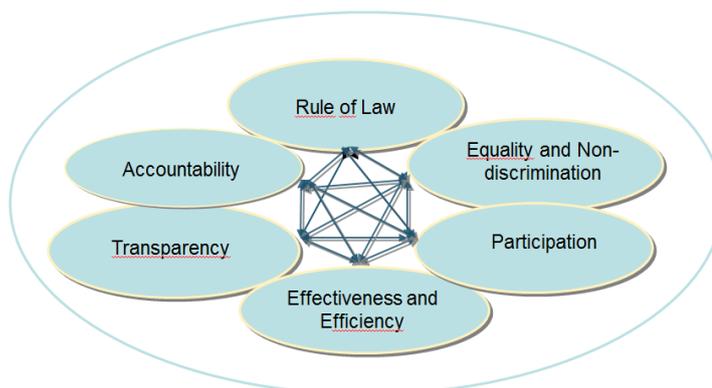
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<sup>4</sup> **Reference frames:** 1. SDC concept of the multi-dimensionality of **poverty and wellbeing** which includes the following: Economic (consumption, income, assets); Human (health, education, nutrition); Socio-cultural (status, dignity); 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

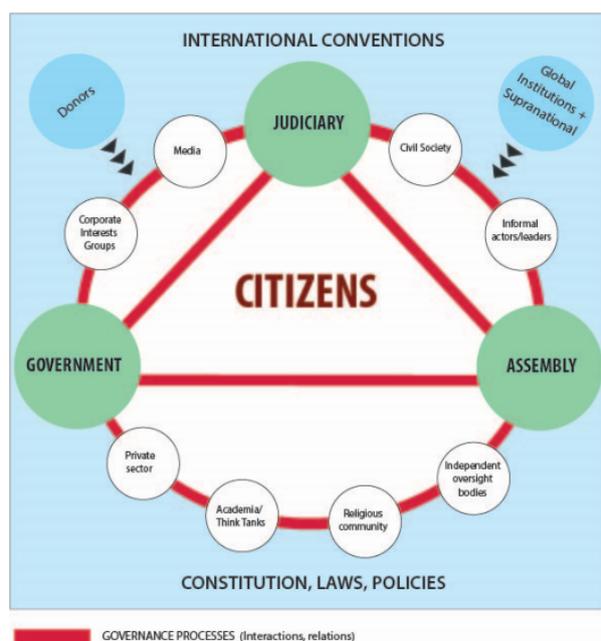
different governmental institutions (vertically and horizontally) and with other public and private sector actors is well-defined and coordinated, and that financial and human resources are used in an optimal fashion, without waste, corruption, or delays.

## 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

# SDC's Approach to Governance

- **Introduction** to the conceptual and practical guidance documents
- **Part 1** Governance in the SDC  
Conceptual guidance  
Definitions, approach and priorities
- **Part 2** Governance as transversal theme  
A practical guide  
Integrating governance in SDC sectors and priority themes
- **Part 3** Governance in health  
A practical guide

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Confederaziun svizra

**Swiss Agency for Development  
and Cooperation SDC**



SDC NETWORK

**Democratisation, Decentralisation  
and Local Governance**

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# 1. Basic considerations

Switzerland's Dispatch on International Cooperation 2017-2020 defines Governance as a mandatory transversal theme across all the SDC priority themes/sectors listed in the new dispatch, and across all SDC departments - South Cooperation, the Cooperation with Eastern Europe, Global Cooperation and Swiss Humanitarian Aid. "Switzerland's international cooperation integrates the principles of good governance into all its activities, including political dialogue"<sup>1</sup>.

Integrating governance in sectors basically implies (see also "the SDCs governance definitions, approach and priorities", in part 1 of the series of governance working documents):

- Adopting a **system development approach** that starts from a solid context analysis and designs measures to address systemic governance deficiencies (framework conditions, governance processes with respect to the good governance principles, actor's behaviour and their power and capacities);
- Working with **multiple actors** at multiple **levels** (sub-national, national and global) and fostering **linkages**, where possible.;
- Working on **politics and power** imbalances;
- Following a **value based approach**, based on the SDC's good governance principles and human rights based approach;
- But recognising the need for **contextualized, adapted, sequential** activities; providing space for constant learning and adaptation;
- Considering as much as possible the **intersections** between different sectors (i.e. between domains in given countries), and between governance related topics (i.e. between democratisation – decentralisation & local governance - conflict sensitivity – human rights based approach – gender equality).
- Putting **people's wellbeing, basic human rights and peaceful coexistence** at the centre of attention and as the ultimate goal of sector/domain activities;
- To be addressed systematically as part of the **project cycle management (PCM)** in SDC cooperation strategies and programmes, including global programmes and Swiss humanitarian aid;
- To be reflected in SDC **sector policies/strategies** (ex. of water policy in Annex 1);
- Looking at governance approaches, behaviour of **implementing partner organisations**, and taking into consideration **SDC** as an actor.
- Providing the necessary governance **competence** in combination with technical knowhow in sector programmes.

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<sup>1</sup> Dispatch on Switzerland's International Cooperation 2017-2020, Common transversal themes, 1.7.2.3.2 Good Governance

## 2. Steps for integrating governance in sector operations

Methodologically the integration of governance in SDC sector portfolios (domains in cooperation strategies) and programmes (at country and global levels) is structured along the **main PCM steps** and is linked to **actual PCM instruments**.

First we start with solid **analysis** of main governance issues in a given sector (frame conditions, governance processes with respect to the good governance principles, actor's behaviour and their power and capacities, see guiding framework in 2.2).

Based on the analysis we have to define which aspects we want to change (**change areas to overcome important systemic deficiencies**), and what type of change we want to induce (**objectives and expected results**); what needs to change particularly for poor and vulnerable population groups; and how all this contributes to improve people's wellbeing (**overall goal**).<sup>2</sup>

Following this, we have to define the measures we propose in order to achieve the objectives (**strategic action, outputs and activity lines**), with whom and in which way we want to **partner and collaborate**, and what is feasible and achievable (**risks, obstacles, time frames and resources**). Answering these questions will provide the basic elements for defining our **impact hypothesis** and programme design.

A solid **monitoring** framework will help to cover most important changes. For all these steps the involvement of implementing partners, and if possible beneficiaries and other development partners is recommended.

The most important **PCM instruments** where governance related dimensions must be included are **project documents, entry proposals and credit proposals, country cooperation strategies and strategic frameworks of global programmes/sector policies**. For any commissioned analysis the **terms of reference** need to include key aspects of governance as proposed in the guiding framework below, to make sure that the content and orientation of the analysis are framed appropriately. With regard to monitoring and steering the **annual country reports, programme monitoring reports, the end of phase reports and the MERV** (monitoring of development relevant context changes) are other instruments that should include critical reflection on the integration of governance and on general context changes in view of governance.

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<sup>2</sup> For your orientation you can use the SDC reference frame on poverty dimensions and the poverty assessment guidance (see annex 2), and/or the OECD reference frame on multidimensional fragility and the peace and state building goals: <https://www.oecd.org/dac/governance-peace/publications/OECD%20States%20of%20Fragility%202016.pdf>; <http://www.oecd.org/dac/HLM%20one%20pager%20PSGs.pdf>.

## 2.1 Quick overview

PCM steps	Subject	Tools	PCM documents
<b>Analysis</b>	Key issues of sector governance	<ul style="list-style-type: none"> <li>- Guiding framework (see 2.2)</li> <li>- Set of analytical tools:               <ul style="list-style-type: none"> <li>➤ <i>Political economy &amp; power analysis</i></li> <li>➤ <i>Local governance assessments and Practical Guidance of analysing informal local governance institutions</i></li> <li>➤ <i>Conflict analysis</i></li> <li>➤ <i>Gender analysis</i></li> <li>➤ <i>Beneficiary's assessment and participatory poverty assessments</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Terms of reference (ToR) for mandates</li> <li>- Project documents</li> <li>- Entry and credit proposals</li> <li>- Country cooperation strategies</li> <li>- Strategic frameworks of global programmes/ sector policies</li> </ul>
<b>Identification of Entry Points and definition of Expected Results (Outcomes)</b>	<ul style="list-style-type: none"> <li>- Building on strengths, addressing weaknesses</li> <li>- Defining areas of desired change to which SDC wants to contribute</li> </ul>	<ul style="list-style-type: none"> <li>- SWOT analysis</li> <li>- Guiding framework (see 2.2)</li> <li>- SDC reference frame on poverty dimensions</li> <li>- OECD reference frame on multidimensional fragility and the peace and state building goals</li> </ul>	
<b>Implementation</b>	<ul style="list-style-type: none"> <li>- Lines of action</li> <li>- Partner mix and collaboration</li> <li>- Risk Management</li> <li>- Resources, knowhow</li> </ul>	<ul style="list-style-type: none"> <li>- Partner risk assessments</li> <li>- SDC risk assessment matrix</li> <li>- SDC risk management policy (in preparation)</li> </ul>	
<b>Monitoring and Evaluation, Reporting</b>	<ul style="list-style-type: none"> <li>- Fields of observation, indicators, targets</li> <li>- Baselines</li> <li>- Analysis &amp; reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Results frameworks</li> <li>- M&amp;E systems</li> <li>- Participatory Assessments</li> <li>- Visual methods (Videos, digital stories etc.)</li> <li>- MERV</li> </ul>	

## 2.2 From analysis of governance issues to the identification of change areas

At the beginning of developing or re-planning/reorienting a domain portfolio or programme in a given sector, a comprehensive **context analysis** should identify key governance issues at stake. We need to know the regulatory frame, the management arrangements and sector financing, the key responsible actors and the processes of interaction, and we need to understand how all this plays out in reality and why.

To do this, the SDC has a **set of analytical tools**,<sup>3</sup> most importantly the political economy analysis, local governance assessments, and conflict and gender analysis. A beneficiary's assessment can be another useful instrument, to gain a better understanding of different perceptions of change and the nature and scope of discrimination against women and disadvantaged groups (for an overview of SDC instruments see Annex 2). This can be complemented by the use of power analysis tools, such as the power cube or power matrix,<sup>4</sup> and by other available studies to crosscheck your findings.

To **synthesise** your findings and identify possible entry points to address systemic gaps you may use the **SWOT analysis**. It helps to outline key strengths, weaknesses, opportunities and threats/risks for each of the analytical categories.

Based on this analysis you then **define** the **specific change to which SDC wants to contribute** with its activities (targeted change areas and expected results).

Please refer to the suggested **analytical categories** in the guiding framework below. For each analytical category a set of **analytical questions** is proposed and **ideal areas of change** are highlighted.

### Structural and regulatory framework conditions in a given sector

#### Set of proposed analytical questions:

- How are laws and sector policies regulating the sector? Do they integrate ratified regional and global conventions (e.g. human rights standards, soft law)? To what extent do such policies and related programmes correspond to contextual evidence and to people's needs? How inclusive are they in terms of gender equality, disadvantaged groups? How do they reference to other related sectors? Who is involved in designing them?
- What is the status of sector decentralisation? How are government functions, decision-making authority, financial and human resources assigned at different levels? Are the assignments clear, and are these arrangements suitable to respond to people's needs in their localities? What are the established vertical and horizontal collaboration/concertation mechanisms?
- What are the most relevant institutions and actors and what are their responsibilities in public sector management in a given sector? E.g.: formal state actors and informal actors (such as traditional or religious authorities), the private sector, civil society organisations, user groups, and development partners. How is the representation of women and disadvantaged groups?

#### Areas of change:

<sup>3</sup> Political Economy and Development, three basic tools, SDC 2011; How to note stakeholder analysis, SDC 2013; Guidelines and Toolkit for Local Governance Assessments; SDC 2012; Local Governance Institutions, Practical Guidance, SDC 2016; SDC manual on conflict sensitive programme management (CSPM), 2006 and how to note context analysis in fragile and conflict affected contexts, SDC 2013; Gender in practice – A toolkit for SDC and its partners, SDC 2003, particularly sheet 6 on gender in country, policy and sector analysis; How to note beneficiary assessment, SDC 2013.

<sup>4</sup> <https://www.powercube.net/>; And for the power matrix: Making change happen: Power, by Just Associates: <https://www.justassociates.org/sites/justassociates.org/files/mch3-concepts-for-revisioning-power-2011upd.pdf>

Sector **legislation and policies** (prepared by government, parliamentary committees) which address people's needs and reflect international human rights standards/other global or regional principles, incorporate dimensions of social inclusion and gender equality and foster integrated approaches with other sectors; they are defined by means of multi-stakeholder dialogue.

**Sector decentralization** with devolved and clearly defined responsibilities to subnational government levels, with corresponding decision-making authority, human and financial resources (predictable, transparent, adequate fiscal transfers, and authority to impose/collect user fees/taxes), and through a functioning system of vertical (state levels) and horizontal (multiple actors at each level) collaboration, concertation

## **Governance processes: performance and interaction with respect to the good governance principles**

### **Set of proposed analytical questions:**

#### ➤ **Effectiveness and efficiency in fulfilling state obligations:**

- How effectively is the decentralisation architecture working in reality? E.g. is the transfer of resources to subnational state institutions happening on time and according to the established rules? Do they receive important information, guidance from next higher levels and are they actually capable of taking decisions? Are the vertical and horizontal coordination and cooperation arrangements working?
- What is the performance of responsible actors in fulfilling their duties in a given sector compared to defined targets and budgets, and compared to acknowledged standards?
- What is the performance) of responsible actors in public sector management, in providing services and enhancing inclusive (local) development?

#### ➤ **Participation:** do spaces for meaningful and equal participation exist? Are poor men and women and disadvantaged groups able to participate and what are barriers to their participation? By whom, where, and how are important decisions made? (e.g. in open-closed or self-created spaces, at local-national-global level);

#### ➤ **Transparency:** do responsible actors release relevant information about their actions and decisions and is it accessible to the public? Are negotiations and decision making in public sector management transparent or happening behind closed doors? Is the public informed about rules, responsibilities, available resources and distribution of resources?

#### ➤ **Accountability:** what accountability systems are in place, how do they work, who is part of them? How effective are the collaboration and ties between different accountability actors? Are corrective measures or sanctions applied? Are specific anti-corruption measures in place and are people engaged in combatting corruption?

#### ➤ **Equality and non-discrimination:** who are those excluded from benefiting in a given sector (e.g. based on poverty, gender, ethnic/religious affiliation, sexual orientation or other status)? What are the reasons and patterns of exclusion, and in what ways is discrimination manifested? What poverty-related issues exist in a given sector? What are the particular needs and preferences of these population groups? Do mechanisms exist that ensure equal benefits for all, and inclusive participation and decision making?

#### ➤ **Rule of law:** do responsible sector stakeholders comply with rules and regulations and are mechanisms in place to guarantee their enforcement? Is the judiciary or customary justice able to respond to peoples complaints and sanction misconduct? Do people know about their rights and how to defend them? Do they have access to justice?

### **Areas of change:**

**Effective and responsive provision of public goods and services and the enhancement of national/local (economic) development:** informed and responsive planning, possibly including a regional/territorial planning perspective; results oriented plans and budget allocation, considering

human rights standards (i.e.: public services and goods are sufficient in quantity (availability), accessible and affordable for all, are relevant for the people, of appropriate quality, and adapted to particular needs); multi-stakeholder concertation; solid and transparent income management (e.g. tariff systems, raising taxes) and expenditure management (e.g. investments, contracting and procurement); public information and regular public consultation; government quality control and performance monitoring.

**Inclusive governance practices in order to reduce inequalities:** inclusive policies; targeted public measures and budget allocation that address specific concerns of disadvantaged groups, poor men and women; supportive public measures that enable their equal participation in public decision making processes; public campaigns and educational measures for changing public perceptions, attitudes and practices of discrimination and exclusion;

**Meaningful and inclusive participation in public decision making and in managing public affairs:** available and accessible spaces for public discussions, negotiations, joint problem solving, conflict resolution and decision making; spaces that allow for equal, meaningful and safe participation; multiple actors that take responsibility and engage in issues of public concern.

**Public oversight and control** with a functional accountability 'architecture' and measures for combatting corruption: state authorities that explain and justify their decisions/actions to the public; citizens, parliaments, media, other national oversight bodies that ask for information and monitor the performance of state authorities; collaborative initiatives of public oversight and control and initiatives for denouncing corruption; state institutions and private sector companies complying with integrity standards; corrective measures and sanctioning/redress mechanisms to address complaints.

**Enforcement of sector regulation:** compliance with regulations by responsible actors; judiciary or customary justice mechanisms that sanction the violation of rules safeguard peoples' rights; people's ability to access justice and defend their claims.

### **Governance actors: behaviour, motivation power and capacities**

#### **Set of proposed analytical questions:**

- Which are the most powerful among the relevant actors/institutions in a given sector? Who most powerful and enjoys most legitimacy and trust? What is their base of power and/or legitimacy? (E.g. hierarchy, finances, physical force, tradition and beliefs, performance, knowhow, strong networks); why are other concerned actors less powerful? How is power manifested in the interaction between stakeholders? (E.g. domination and control, acting power, collaboration and alliance, tensions/conflict, self-confidence); and how does all this affect actors/institutions good governance performance?
- How is power executed? (e.g. visible (observable) – hidden (behind the scenes) – invisible (internalised) power); And how does this affect good governance?
- What about the power balance between men and women? How do given gender relations influence good governance?
- What are the personal interests of key actors, what incentives or disincentives are driving them? And how does this influence their good governance performance?
- Are the capacities of key actors sufficient to fulfil assigned public duties and to engage in given sector? What type of domestic support structures and capacity development systems are in place, and how effective are these?
- How is the relationship of SDC implementing partners with key stakeholders shaped? How do they adhere to good governance principles in their own institutions and in their external interaction?
- How do most relevant development partner's, including SDC, or international/multilateral organisations influence a country's sector governance? How is good governance considered in sector-wide approaches and budget support arrangements?

#### **Areas of change:**

Civil society actors, including the private sector, are **organized and powerful** in advocating for change and influencing decisions. Disadvantaged groups, poor men and women are more **confident** in making their voice heard and negotiating issues of concern, **and they are well represented in decision-making processes**;

**Driving forces within State institutions push** for improved governance, they influence decision making, challenge or positively influence obstructive powerful forces; **Incentive structures** promote better governance and **disincentives** are removed;

**Increase in trust** among key stakeholders, greater **willingness to collaborate** and assume (co)-responsibility;

**Supportive domestic training, coaching and advisory services** enhance public management capacities of those in charge of exercising state functions;

Adherence of **implementing partners** to good governance within their organisations and in their external relations; responsible conduct by the **SDC as a development partner**, (e.g. being aware of harmful effects, working on systems and in coordination with other development partners).

### Conflict potentials and conflict dimensions in a given sector

#### Set of possible analytical questions:

- What are the sources and manifestations of tensions and conflict affecting a given sector? Who is most affected? What conflicts are transboundary in nature and influence?
- How can good sector governance contribute to reduce/overcome conflicts/tensions?
- What problem solving, conflict mediation and resolution mechanisms exist for a given sector?
- What negative effects do we create as a donor?

#### Areas of change:

**Governance structures and processes allow for peaceful negotiation of opposed interests and conflict resolution:** Government or informal authorities (e.g. traditional or religious leaders) that offer spaces for peaceful dialogue, joint problem solving and that engage in mediation of conflicts; inclusive practices of participation and decision making in governance processes, and measures that balance bargaining powers; media providing impartial information and a platform for peaceful public debate; inclusive provision of services and fair share of scarce natural resources and redistribution of public resources; collective action and joint problem solving, including transboundary initiatives.

➡ *Combine possible measures with those in other identified change areas (see other categories above, such as participation or inclusive practices);*

➡ *If necessary, define additional targeted measures;*

➡ *Be aware of harmful implications SDC activities can have and make every effort to minimise harmful activities.*

### Global and regional governance dimensions

#### Set of proposed analytical questions may include:

- What important global, regional conventions related to sector governance exist and have been ratified by partner countries? Are they known to all concerned actors and applied?
- How is good governance applied in aid modalities? How effective is the realization of existing principles and standards in a given sector? (e.g. the principle of mutual accountability (Busan Partnership Document), increased aid efficiency (Paris Declaration) the core humanitarian standard on quality and accountability (CHS) and the principles for good humanitarian donorship (GHD), sector-governance related SDG targets);
- What regional/global networks and joint initiatives exist to advance good governance? Can we use them for our bilateral sector programmes at country level?

- Who is represented, participating and able to influence the negotiations and decision making within regional/global platforms and regional/multilateral organisations?
- What is the role of global, regional organisations or platforms to promote guiding principles and standards in sector governance?

**Areas of change:**

**Global and regional sector-related standards are enhancing good governance:** multilateral organisations that contribute to the development of respective global/regional standards and their application; multi-stakeholder representation and influence, including disadvantaged groups and women, in the development of respective global/regional standards; global and regional initiatives or platforms that enhance good governance practice at global/regional/national levels in a given sector; peer learning and monitoring that further improve good governance practice in a given sector; national stakeholders are aware about respective standards and principles and are using them to promote required change.

**Important intersections with other sectors**

**Proposed analytical questions may include:**

- What ‘building blocks’ in a given sector are linked to other sectors? And what are important intersections between them?
- What governance deficiencies in sectors within our portfolio affect the performance in this given sector, and vice-versa?
- How are these interlinkages considered by domestic partners and in our SDC programmes?

**Areas of change:** Improved **multi-sector articulation and cooperation:** better coordinated laws and harmonised measures in sector decentralisation, synergetic and comprehensive efforts among those in charge of public sector management.

**Good governance in Swiss Humanitarian Aid**

**The strategic orientation of Swiss Humanitarian Aid provides multiple entry points for systemic action and promoting good governance principles. The questions for analysis are similar to those outlined in the sections above. The following entry points can be pursued:**

- **Strengthening the respect of the humanitarian legal framework:** in order to provide help in the field, it is essential to ensure that international humanitarian law and international humanitarian standards and principles are respected. Where there is armed conflict, it is essential, if help is to reach the people who are in need, that the parties to the conflict allow international aid organisations access to the civilian population. This, and the efficient coordination of financial resources, is what determine the success or failure of international humanitarian aid efforts. It is largely thanks to its presence in the field, its experience, and its international reputation, that Swiss Humanitarian Aid, together with Switzerland’s international cooperation partners, is able to successfully advocate for these concerns in bilateral and multilateral discussions.
- **Humanitarian principles and standards:** Swiss Humanitarian Aid advocates for the adherence to the humanitarian principles of humanity, neutrality, impartiality and independence. The advancement of operational standards ensures that humanitarian aid is delivered to those most in need in a manner that is effective, efficient and independent of political, ethnic or religious affiliation.
- **Enabled domestic actors, improved structures and processes** during all stages of emergency relief, reconstruction, rehabilitation, and disaster risk reduction. Make every effort in

the early stages of humanitarian actions to strengthen connections between relief, reconstruction, rehabilitation and longer-term development cooperation<sup>5</sup>. Help domestic actors to take responsibility and, promote their self-help capacities, participation, self-determination and resilience to future crises. This also includes measures to strengthen domestic capacities for integral risk management (e.g. risk assessment, risk prevention and mitigation measures etc.). Finally this implies to combining technical and hardware support activities with knowledge-building and knowledge transfer to domestic actors and to foster their constructive relations.

- **Consideration of the particular needs and copying strategies of women and men, girls and boys** at early stage of humanitarian actions. Sexual and gender based violence during situations of crisis and conflict are taken care of.
- **Compliance with and protection and fulfilment of international humanitarian law and human rights** standards (principle of rule of law). This also includes targeted measures across all activities to protect civilians from physical and psychological violence (creating safe spaces) and advocating for their security.

## 2.3 Analytical steps in defining your goal and outcomes

Analytical categories and guiding questions	SWOT	Entry points	SDC contribution to desired change (ToC, goal, outcomes)
Framework conditions			
Governance processes			
Actors behaviour, motivation, power and capacities			
Conflict potentials and dimensions			
Global and regional governance dimensions			
Intersections with other sectors			

## 2.4 Definition of strategic lines of action

Once the entry points and desired change are defined, the strategic action, partners, possible risks and required resources need to be determined.

### ▪ Lines of action:

- What promising measures are available to improve a country's sector policies, the institutional setup and procedures, finances and human resources? What is the best way to strengthen the capacities and performance of domestic actors, and what could make them change their practice/behaviour?
- **Empowerment and relationship building:** what activities can help to reduce power imbalances and empower the less powerful, reduce discrimination and improve

<sup>5</sup> e.g. link emergency water and sanitation services to integrated water resources management (IWRM) and local governance; link reconstruction support to local governance dimensions and vocational education systems; link protection activities to rule of law, accountability and inclusion.

inclusion of those excluded? What measures are available to strengthen driving factors or neutralise blocking factors? What can we do to promote constructive collaboration and relationships of trust among key stakeholders? How can we use existing positive relations?

- **Working in and on conflicts:** how can we best avoid causing conflicts or fuelling existing ones? What are promising ways of engaging concerned stakeholders to overcome their tensions and conflicts?
- **Multi-level activities:** how can we build upon global or regional dynamics to address sector governance issues at subnational-national-global levels? How can SDC country programmes use synergies with SDC global programmes, or other multilateral and international actors?
- **Intersectionality:** how can we foster linkages with other sectors in which we are working? How can we mutually reinforce our activities?
- **Partner mix and collaboration:** which actors do we want to engage with and what type of support and incentives would be most adequate to achieve the desired change? How can we promote adherence to good governance in partner organisations?
- **Risk management:** what are the major identified risks when working ‘on system’ and influencing political processes, and how do we deal with them? How should we deal with risks when working in and on conflicts? How can we minimise possible negative effects stemming from our role as an external development agency?
- **Resources:** what is feasible considering the conditions on the ground and available capacities, our given resources and time horizon? What could be reasonable sequencing? What are the synergies with other development agencies? Do we have the required competence to design and support respective activities? What are the competences of domestic experts, professionals and competence centres?

**A SERIES OF CONCRETE EXAMPLES** on how to address and integrate the various issues of sector governance in programmes and cooperation strategies are provided in **Annex 1**.

**Examples related to sectors:**

- Sector governance illustrated by the water sector
- Promoting land governance for improving livelihoods
- Promoting good governance in humanitarian aid
- Public sector financing and decentralisation in Health

**Examples of related methodological approaches:**

- Promoting accountability
- Promoting social inclusion
- Promoting gender equality
- Addressing power issues
- Addressing the conflict dimension
- Brief example of promoting good governance in partner organisations

## 2.5 Monitoring and steering

The SDC aims to achieve both tangible results for the benefit of the people and institutional systemic change. The SDC is aware that change processes related to governance are complex; they are influenced by many factors and the way they impact on each other is not always straightforward and easy to grasp. Instead of measuring and aggregating only isolated quantifiable targets it is important to obtain a comprehensive picture of change that has taken place (fields of observation) and also to include quality dimensions and behavioural change processes. Ambitions should be realistic, and at the same time it is important to achieve some quick results, particularly in post-conflict settings, where the window of opportunity for establishing people's trust in political systems is short. Therefore, identifying an easily achieved set of tasks, measures and goals ('low-hanging fruit') in sector governance is crucial. While reporting on results, one should pay attention to qualify achievements against a reference value to assess the significance of achievements.

- **Define fields of observation, indicators and targets** that cover systemic changes; "equality targets" help to monitor reduction in inequalities and exclusion.
- The analytical tools mentioned in Annex 1 can be useful to provide the necessary data for the various **baselines**. (E.g. local governance assessments can provide the information for developing a monitoring frame). Disaggregate data by gender and disadvantaged/vulnerable population groups.
- **Analysis and reporting:**
  - Programme **monitoring reports** should describe the achieved changes (according to the outcomes), what has not been achieved, and explain the reasons for success or failure, and the implications for adapting our activities. Multiple perspectives of involved stakeholders should be used in the monitoring and analysis of results to better understand how change happens and what matters for people. This should be used for continuous learning and flexible programme adaptation, which is particularly important when working on governance issues.
  - The **end of phase/end of programme reports** require a critical reflection on the integration of governance for the phase/programme period (as it does for gender): i) to what extent were governance issues resolved or improved through programmes, ii) how has corporate or institutional governance evolved in partner organisations, iii) have the governance issues changed over the phase/project period and has this been adequately reflected in the approaches, strategies, modalities of our programmes (strategic steering), and iv) what are the major lessons in terms of addressing governance issues and working on the system?
  - **Management responses to core contributions** should comment on the organisation's performance in addressing governance issues.
  - Basically all sections of the **annual reports** template are suitable for specific reporting on governance as a transversal theme. Annual reports should reflect governance-related issues as defined in the cooperation strategy.
  - **MERV (monitoring of development relevant changes):** the different fields of observation should also explicitly refer to changes in governance aspects, in terms of the general governance system and processes (political conditions and general framework) and in particular sectors (economic, social and security conditions). And it should inform about underlying reasons that shape the performance of systems and key actors. Use available SDC analyses as well as other national and international analyses with due consideration for the purpose for which they were conducted.

## Selected examples related to sectors

### Sector governance illustrated by the Water Sector

#### Water sector policy for general guidance

Sector policies and strategies describe key governance issues and strategic considerations in a given sector. They provide the basis for SDC positioning and priority setting.

One example is the SDC water sector policy, where good water governance is prominently addressed.<sup>6</sup> It is reflected in the analysis of global trends, appears under the SDC vision for the future of the water sector and constitutes one of the five strategic fields of action. The emphasis is less on financing infrastructure and more on supporting domestic actors in assuming their roles.

#### The water sector policy emphasises the following important governance areas:

- A clear and transparent legal framework that regulates and guarantees access and use of water for all, and legal systems that acknowledge the rights of indigenous and minority groups. Legal mechanisms that protect the rights of local population;
- Government authorities that are capable of meeting their responsibilities through effective regulation, distribution and monitoring; Institutions, processes that are geared towards transparency, accountability, equity, efficiency;
- Public oversight and management of water resources as a common good;
- Multi-stakeholder engagement of the public and private sectors, together with civil society, to apply a policy of sustainable development and management of water resources (sharing of roles and responsibilities, dialogue, coordination and concerted action).
- The principle of subsidiarity, with planning and decision making devolved to the lowest possible level (decentralisation of water management systems);
- Due consideration of the disparate interests of all stakeholders – especially those of the poor and marginalised segments of society;
- Involvement of women with equal rights as individual users and partners for institutional development;
- A rights-based approach that on the one hand supports authorities in their responsibility to respect, protect and fulfil the obligation to provide sufficient, safe, accessible and affordable water for all people, and on the other empowers people to exercise their rights and responsibilities;
- The resolution of cross-border conflicts of interests by equitable involvement of the various parties residing in and using watersheds;

Promotion of multi-sector cooperation between key institutions in related domains such as health, agriculture, education, environment, climate change and disaster-risk reduction.

#### Evolving engagement in water governance in Bosnia and Herzegovina

Over the past decade the SDC has been engaged in the water sector in Bosnia and Herzegovina starting with emergency assistance in 1997 and evolving to a comprehensive programme on integrated water resource management in the Una River catchment area (2006-2013). The aim was twofold: on one hand, to improve reliability and accessibility of good quality water and environmental

<sup>6</sup> SDC, Water 2015, Policy principles and strategic guidelines for Integrated Water Resource Management –IWRM, 2005.

sanitation (WES) for the population and on the other, to enhance good governance practice at the municipal level by providing quality services in WES.

As a result the coverage of households connected to the water supply and sewage networks increased, and they are now supplied with more water of better quality. The inter-municipal cooperation across ethnic lines in the water basin management also had a dimension of trust building and conflict transformation.

The strategic action was to establish modern management forms of WES services at the level of municipalities which are more effective, efficient, transparent and accountable. The lines of action included:

- **Capacity development of domestic actors**; this resulted in the establishment or reorganisation of WES departments and staff training, the creation of AquaSan, a nation-wide network of experts in the WES sector and the establishment of local technical expert groups of local governance and water and waste professionals (three firms and a government unit).
- Establishing **public/private partnership** arrangements between municipal authorities and service providers;
- Improving public **information** and enhancing **citizens' engagement**;
- **Stronger civil society engagement** in the protection of the environment and water resources and in the interaction with authorities;
- **Joint formulation of coherent strategic orientations, priorities** and time frames among key sector actors, physical **planning** of the **rehabilitation schemes**; finally, municipalities widely adopted the methodologies for integrated local development planning and water sector planning and management (ten strategic plans for the WES sector and nearly 50 local development plans);
- Technical **maintenance** of water resources, and waste water treatment;
- **Management of costs** by invoicing and billing consumers; thanks to the preparation of solid plans by the municipalities considerable financial leverage through downstream domestic and foreign grants, loans and other financing has been possible.
- Stronger **inter-municipal cooperation** for jointly managing water resources in the Una-Sana region and advocating for common interests at different levels and across internal boundaries; this proved to be useful in the **reconciliation** of inter-ethnic divisions and in strengthening **disaster risk reduction** measures;
- **Adoption and application of by-laws, local regulations** and procedures sustaining good governance practices; as a result several municipal orders were issued and cantonal and entity-level laws on utilities, water and waste were promulgated.<sup>7</sup>

### **Water governance programme in Haiti, contributing to State building**

In Haiti water services remain highly centralised and inadequate because the central-level authorities barely contribute to the provision water services. The capacities and resources of key actors at subnational levels are constrained. However, reforms have been initiated and there is some momentum in cooperation with potential change agents at the national and subnational levels..

The programme intends to work within a mix of deconcentrated and decentralised government structures at different levels and to improve capacities, cooperation and concerted action among the actors involved. It will support the principle of subsidiarity and comprehensive water basin and ecosystem management. In a longer term perspective programme activities will contribute to implement and further advance decentralisation reforms in the water sector. Civil society engagement and collective action is another important feature.

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<sup>7</sup> GOV-WADE credit proposals phase 1-3, (2006-2013), and end of project report, Feb. 2015; Jackson, T. (2014) Evaluation of SDC Governance Programming and Mainstreaming, Case study of BiH.

The aim is to establish a domestic system for water sector management with adequate structures and capable, empowered actors engaging in and providing water and services. This will help to overcome the still prevailing project modality approaches in Haiti which are mainly working with parallel structures. In this sense the programme will make an **important contribution to rebuilding weak state structures and improve the weak state-society relations**. Consequently a long term approach over approximately 12 years is planned.<sup>8</sup>

### **Swiss Humanitarian Aid contribution to managing drinking water with in Lebanon**

In Lebanon's Bekaa-Valley, stakeholder assessments and conflict-sensitive project management (CSPM) in the WASH sector highlighted, among other issues, the underlying tensions between local authorities, host communities and the Syrian refugee population living in this area. In this context, the very weak capacity of the regional public water authorities to manage water, measure its flows and charge for it makes access to water a highly conflict-sensitive issue. Besides technical expertise and hardware components for better water management, the project will provide capacity building in water management and billing. The objectives are to strengthen an equitable provision of public water services and to improve trust and good governance between the populations and the regional authorities.

### **Promoting Global Water Governance<sup>9</sup>**

The strategic framework of the Global Programme Water (GPW) starts from the premise that water is a global common good and a basic human right. But fresh water resources are increasingly under pressure due to rapidly growing demand from multiple users and water degradation caused by pollution. Large scale industries and water irrigation and hydropower investments put additional pressure on balancing water use leading to tensions within and between countries. These increasingly *global challenges call for a joint response* and concerted action at the local and global levels.

One of many examples is the GPW contribution to **the Water Integrity Network (WIN)** that advocates for increased transparency, accountability and participation as the three pillars of water integrity to fight corruption in the water sector. WIN works through a large network of partners and members. In 2012, WIN and HELVETAS Swiss Intercooperation joined hands to initiate innovative integrity activities in three countries (Nepal, Mozambique and Guatemala) and launched a multi-year **Multi-Country Water Integrity Programme** which is also supported by GPW.

The GPW has a strong focus on the promotion of the **human right to water and sanitation (HR2WS)**. It closely collaborated with the former **UN Special Rapporteur on the human rights to safe drinking water and sanitation**, to further specify standards and analyse SDC programmes, and it contributes to **WaterLex**, an international membership association that compiles, designs and promotes water laws and policies that comply with the human rights commitments of states. It offers a legal database, a 'Parliamentarian HelpDesk', and multi-stakeholder water governance assessments and strategy workshops in countries.

Another important example is the contribution to the UN-Water initiative **Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS)**, which is implemented by the WHO and provides a reliable, easily accessible, comprehensive and global analysis of the investments and enabling environment for policy- and decision-makers at multiple levels. This contributes to the monitoring of respective SDG targets and also provides evidence to inform decision-making among

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<sup>8</sup> Programme de renforcement de la gestion local de l'eau et l'assainissement (REGLEAU), Entry proposal approved in Septembre 2016.

<sup>9</sup> SDC Global Water Initiatives Strategic Framework (2013-2017), 2014.

the constituents of the Sanitation and Water for All UN resolution (SWA), in particular the sector and finance ministers who are engaged in the SWA high level political dialogue. This **should lead to improved budget planning and allocation** in sanitation, drinking-water and hygiene. Biennial GLAAS reports have been prepared bi-annually for the SWA High-Level Meetings (2010, 2012 and 2014; to be continued for 2016/17).

## Promoting land governance for improving livelihoods

### **Promoting the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT)**

The Global Programme on Agriculture and Food Security has been engaged in the development of the VGGT and is now supporting the International Human Rights Organisation for the Right to Food (FIAN International) which is actively **promoting the implementation of the VGGT** in a number of countries (e.g. in Colombia, Mali, Myanmar). The VGGT are based on the concept of good governance and human rights. The FIAN contributes to raising people's awareness of these principles, helps them to contextualise them, develop proposals and engage in evidence-based policy dialogue and advocacy with the government. The FIAN can also help bring citizens' voice to the global arena. **Such initiatives can also be pursued by bilateral programmes in SDC partner countries.**

### **Supporting inclusive land governance in combination with community forestry and fisheries in Cambodia**

The area along the Mekong River from Cambodia's Kratie Province to Lao PDR has an exceptionally rich biodiversity and natural fishery and forest resources. The wetlands of this area are the livelihood resource for approximately 50,000 local people, many of whom belong to the Phnong and Kuoy indigenous groups. Today these communities face increasing threats due to large-scale and unsustainable exploitation of the water resources, fisheries and forests that have supported them for generations. The alarming rate of illegal deforestation is one of the main threats to forests in Cambodia. Illegal deforestation is practised by a wide number of actors from local police and army to medium-sized loggers with connections to local government and large-scale loggers with political connections to national level government officials. Local government actors have limited awareness, resources, capacity and at times willingness to enforce laws that would reduce the rate of deforestation. This works as a disincentive for local communities to protect their forests and encourages them to clear the forest for income and agriculture.

Economic growth and development policies have largely supported the transfer of state forest lands to private firms through the issuance of economic land concessions. Because of pressure from national and international civil society organisations, the government has recently started to reconsider the social and economic benefits of economic land concessions. However, the capacity of sub-national authorities to support communities in obtaining community forest agreements and implementing management plans remains limited.

The Partners for Forestry and Fisheries Cambodia (PaFF) programme aims to improve, increase and scale up support to community forestry and fishery groups in Kratie and Stung Treng provinces, in order to allow communities (in particular ethnic communities and women) to secure their access to natural resources as a way to improve food security and increase their income. These provinces are home to a significant population of the poorest resource-dependent communities in the country. The programme offers support up to some 75 communities in the implementation of their community forestry and fishery management plans and over-all development and equitable sharing of livelihood and natural resource protection benefits out of community managed forests and fisheries. At the same time communities are assisted in securing forestry land titles and acquiring the necessary know-how to deal with the complicated and cumbersome procedures.

As a result of the recent SDC learning event on land governance, the SDC office in Cambodia office

highlighted two major learnings lessons for continued reflection: i) With with regard to land reform policies there is a need to link the designs of land management systems with the larger vision of agriculture policy; ii) communities are lacking even basic information on land related issues, which is considerably weakening weakens their negotiation and advocacy power vis-à-vis the authorities.

## Public sector financing and decentralisation in health<sup>10</sup>

### Performance based health-based basket fund in Tanzania

In 1999 a Health Basket Fund (HBF) was created as a pooling mechanism for donor resources to support the implementation of the national health strategy plan in Tanzania. The HBF has provided additional resources to the health sector and has played a crucial role in making administrative and financial decentralisation effective by **channelling resources directly to local government agencies** and by stimulating the **generation of local revenues** by primary health care facilities. It has strengthened the use of government management systems through the **improvement of public finance management** (e.g. by expenditure tracking), thus enhancing local government's accountability. As a result, in 2015 92% of the 169 local governments received an unqualified audit report. But the HBF failed to produce the expected progress in terms of access to health services. One of the reasons was its primary focus on developing fund management systems and processes.

In 2014/15, a thorough analysis of HBF achievements and weaknesses resulted in a major **redesign of a performance based health financing instrument** for primary health care service delivery. The fund disbursement is based on three main indicators, which define the health basket score card:

- Basic reporting requirements, for example audits of the health sector, basket finance reports;
- Base indicators, for example quality controlled annual comprehensive health plans prepared by local councils, action plans by the responsible ministries to address all findings, and recommendations of the annual audits;
- Performance indicators, mainly on health service delivery and quality improvements, but also the required supervision of local governments by regional health management teams meeting national supervision standards.

The ministry of finance sets annual health sector budget ceilings and is responsible for the timely disbursement of the performance-based HBF to local governments. The Ministry of Health and Social Welfare mainly provides policy guidance for the HBF with its new national Health Sector Strategy Plan (2015-20). It will evaluate health outcomes nationwide through an improved District Health Management Information System supported by other donors. The Prime Minister's Office on Regional Administration and Local Government is responsible for administering the performance-based HBF resources and will provide the main line of government accountability for resource use and quality service delivery. The government will be supported in **developing capacities in results based financing**.

**Complementary** to this fund, the SDC supports other programmes with synergetic effects. For example: the "Health Promotion and System Strengthening Programme (HPSS), and the social accountability programme which includes social accountability monitoring activities in the health sector.

## Promoting good governance in humanitarian aid

### Strengthening domestic capacities in disaster risk reduction (DRR) in Central America

With the support of the SDC's Swiss Humanitarian Aid department, 51 poor communities in Nicaragua and Honduras were able to prepare risk maps as a preliminary step to plan new

<sup>10</sup> For more information on health see also practical guide on Governance in Health, as part of this guideline.

infrastructure projects. Furthermore, 350 settlements have improved their crisis preparedness, e.g. by setting up and equipping brigades and testing them in natural disaster simulations. As another complementary step, and in view to strengthening national capacities to deal with natural disasters, Swiss Humanitarian Aid is providing support to 23 universities to integrate aspects of climate change and DRR into their curricula.

### **Promoting cash-based instead of food-based social safety measures**

At the **World Food Programme (WFP)** headquarters, Swiss Humanitarian Aid initially financed a cash expert mandated to mainstream and build internal capacity in cash-transfer programming. This targeted financial contribution, which was complemented with other secondments, increased the significance and quality of the WFP's cash transfer programmes worldwide and resulted in the WFP being further recognised as competent partner and adviser in this area. Thanks to this contribution, several countries have begun to seek and profit from the WFP's expertise in re-designing their social safety systems. India, which has called on WFP technical assistance for a shift from its food-based to a cash-based social safety net, is a case in point. The digitalisation accompanying the cash transfer system can result in more efficient and transparent processes and hence can help to prevent fraudulent use. By providing cash support instead of food aid, people increase their self-determination, participation and ultimately their dignity.

### **Supporting the issuance of civil documents for refugees and vulnerable communities**

Around 70,000 refugee children who were born in the past 10 years in **Ethiopia** were not issued official **birth certificates**. This can impede their access to basic services and increases their risk of becoming stateless. The UNHCR has stepped up its collaboration and advocacy with the National Vital Events Registration Agency (VERA) which was established in 2012 by the Ethiopian Ministry of Justice. A new decentralised, national civil registration system was introduced in August 2016. A community-based protection officer and a child protection officer seconded by Swiss Humanitarian Aid are continuously advocating on behalf of the UNHCR with the government agencies responsible to ensure the inclusion of refugee children in the new national birth registration system and the issuance of official birth certificates. A draft regulation which includes children born of refugees has been presented to the Ministry of Justice and is expected to be ratified by the Council of Ministers.

In **Myanmar** the lack of proper **identification documents** is a problem that affects more than 10 million people, especially in areas affected by conflict and areas where a peace process is currently under way. The Norwegian Refugee Council (NRC), the implementing partner which is working in close collaboration with the Myanmar Ministry of Labour, Immigration and Population (MOLIP), has set up mobile one-stop service (OSS) centres in south-eastern Myanmar through which identification documents, counselling services and briefs on the legal rights of the ID card holders are provided. Since 2012, more than 431,708 beneficiaries have received ID cards as a result of this service, with the support of donors including Swiss Humanitarian Aid, the European Union, the Australian Department of Foreign Affairs and Trade, the Norwegian Ministry of Foreign Affairs and the Swedish International Development and Cooperation Agency.

### **Coordinated policy advocacy in Somalia**

Swiss Humanitarian Aid is co-chair of the Informal Humanitarian Donor Group (IHDG) in Somalia, which focusses on coordination, joint positions and actions, as well as shared situation analysis and exchange of experience. The IHDG also focusses on reinforcing relations with the relevant Somali authorities, the Somalia NGO Consortium and the UN system. It ensures coordination with the Somalia Donor Group (SDG), the Kenya Refugee Donors group, and EU+ migration working groups. The IHDG is making strategic and targeted advocacy efforts on resilience policy development and

programming on prioritised topics, including: displacement and durable solutions for IDPs and returnees, humanitarian space, access and civilian protection.

### **Downward accountability by Swiss Humanitarian Aid to internally displaced persons (IDPs)**

The **World Food Programme** in **Darfur** has set up a complaint and feedback mechanism for IDPs in camps in Darfur, helping to handle complaints related to their new IDP profiling system. These mechanisms were designed and implemented with the cooperation of traditional leaders and with the setup of community panels in each camp sector. It helped to identify exclusion or inclusion errors of profiled households and to take corrective action accordingly. IDPs have been empowered to take joint responsibility for defending their rights.

## **Selected examples of related methodological approaches**

### **Promoting accountability**

#### **Systemic approach to accountability in health and agriculture in Southern Africa**

The effectiveness of investments by national governments and international cooperating partners to address poverty, food insecurity and the HIV/AIDS scourge in Southern Africa have been limited by systemic weaknesses in the management of these resources, including the absence of good governance, widespread corruption, and a weak level of accountability in public resource management.

The programme aims to contribute to the equitable, effective and accountable allocation and use of public resources for health and agriculture by addressing social accountability in a systemic approach. Lessons learned from earlier governance programmes have indicated that social accountability works better if addressed in a systemic way with activities that do not include civil society organisations (CSOs) only but also government officials and oversight bodies, and that bridging the work between media, CSOs and parliamentary committees is crucial to generate results.

The objective of the first phase of the programme is to strengthen public resource management at district, national and regional level in the areas of health (sexual and reproductive health and rights, HIV and AIDS) and agriculture (food security) in four countries of the region: Malawi, Mozambique, Tanzania and Zambia. The expected changes are (outcome statements):

- Relevant parliamentary committees are more responsive, accountable and capable of exercising systemic oversight in the management of public resources in the four target countries.
- Issue-based CSOs, smallholder farmer organisations and media in the Southern Africa region (particularly in the four target countries) have increased capacity in rights and evidence-based social accountability monitoring.
- Relevant government departments in the four target countries are more responsible, accountable and capable of meeting the needs and addressing the rights of citizens – particularly people living in poverty and the marginalised.

The project utilises a 'public social accountability monitoring methodology' (PSAM) which is based on the five public resource management processes – from planning and resource allocation, to expenditure management and performance monitoring, to public integrity checks and oversight – and is premised on a rights-based approach to service delivery. It will invest in capacity development and continued mentorship and support to relevant parliamentary committees, issue-based CSOs, smallholder farmers' organisations, traditional institutions, media and relevant government departments for social accountability monitoring and advocacy. The programme will work at regional, national and district levels (e.g. platform for regional learning and creating a pool from which implementing partners can select potential partners for in-country activities, tailor-made support to

national governments for public resource management, and direct support to multiple accountability stakeholders in districts).

## Promoting social inclusion

### How to integrate social inclusion in cooperation strategies in the Western Balkan Division

- **Name the target groups** by area: identify and explicitly name the social groups at risk of poverty and social exclusion which Switzerland intends to focus on and explain why. Name these groups as explicit target groups individually in each area of activity.
- **Improve our understanding** of exclusion and activity design: analyse the barriers and mechanisms leading to the exclusion of these groups and take this into account in project design. Transformative change is a political process and in order to meaningfully contribute to it, the SDC needs a good understanding of actors and power relations (political economy). Furthermore a shared vision with our partners and allies is needed regarding our contribution to the transformative change and this needs to be a central part of our theories of change.
- **Monitoring, disaggregation and targeting:** wherever possible in Swiss-financed projects, outcomes should be disaggregated and progress among excluded groups (vs majority population) should be monitored and measures taken that contribute to equality. On the other hand, the representation of the excluded groups among project beneficiaries must be monitored and baselines and targets of this representation must be defined (= targeting). Both the identified excluded groups and the targeting are to be made explicit in the result framework of the cooperation strategies and subsequently also in logframes of programme documents and credit proposals.
- **Special complementary measures:** in some cases, unless special measures are taken, it is unlikely that the target groups will benefit in a significant way from mainstream programmes. Therefore, a percentage of the overall budget will be allocated to complementary measures designed to reach them and promote their inclusion. These measures may not immediately be sustainable and institutionalised but there should be a mid to long-term perspective for their institutionalisation.
- **'Pro-inclusion policy dialogue':** in the Western Balkans, policies are most of the time excellent on paper (EU standards), but fall short with regard to implementation. Reality checks (through our field-based projects) and results monitoring of the implementation of these policies should be followed up closely and be tabled in a suitable form in policy dialogue. Past experiences have shown that SDC efforts to influence pro-inclusion policies are more effective when they build on alliances with CSOs that involve (non-poor) members of the discriminated groups fighting for their rights.

### Social inclusion in education in Benin

Universal access to education has seen significant progress in recent decades in Benin (the primary completion rate increased from 24% to 76% between 1994 and 2014). However, in certain areas many children are still excluded from the formal education system. For example, in the Borgou department, 54% of children aged 9-15 years are excluded from the education system. These disparities in access to education particularly affect rural areas where a majority of children do not have access to basic education or are forced to drop out of school. Most affected by this are girls, placed children (raised by other than their biological parents, often for reasons of poverty), the disabled (approx. 3% in the 5-15 years age group, they are hidden and considered shameful for the family) and nomadic Fulani children. The main reasons for exclusion are: French is the only language of instruction (children in rural areas do not speak French) and a mismatch between educational content and local employment realities. These out of school children usually work in agricultural or craft activities for their parents and contribute to household livelihoods.

The SDC programme for the education and vocational training of children who are excluded from the

formal education system (“Programme d’Appui à l’Education et à la Formation des Enfants exclus du système éducatif”) supports informal education centres known as Barka. These combine practical vocational training with more basic education (needed for any future apprenticeship). They are offered in the children’s mother tongue as well as in French, which is used increasingly as the pupils move up the school years. Pupils are therefore not only taught basic literacy and numeracy, but also practical skills such as agriculture and artisanal crafts, according to local needs and employment opportunities

The Barka centres are established through the local communes, so they have institutional anchoring. Importantly, they are in part funded by the local communities themselves. In 2015, 77% of Barka pupils passed the national exam at the end of primary school. Given the disadvantages that these pupils have faced, this is an excellent result, which compares well with the national average of 89% (83% in the department of Borgou). It is particularly encouraging that the idea of informal education in the local language has been taken up by the Ministry of Education. The programme is currently being expanded to six communes beyond the original seven covered in the first phase of PAEFE.

## Promoting gender equality<sup>11</sup>

### Fostering the intersection between good governance principles and gender relations

**Effectiveness and efficiency:** Governance institutions and decision-making processes concerning public resources cannot be effective unless they understand the needs and perceptions of both women and men. This means not only including more women in governance processes but also listening to women and ensuring spaces where women can speak freely. Engendering the efficient and effective use of public resources means assessing the potentially different needs and preferences of women and men and designing and delivering more responsive services. It also means being vigilant about the proper use and distribution of funding mechanisms intended to respond to women’s needs, including earmarked percentages of budgets and social security provisions such as allowances for widows.

**Participation:** Engendering participation means ensuring that women have access and the capability to actively participate in decision-making spaces at different levels. It means being attentive to the different and sometimes hidden forms of power that operate in these spaces. It also means taking into consideration the gender-specific opportunity costs of participation, including issues of meeting times and child care.

**Transparency:** Governance processes should be transparent for all citizens. This means thinking about what transparency means for women and men in particular social and cultural situations, considering what the constraints to such transparency might be, and addressing them. For example, women and men might have different strategies for accessing information, different levels of literacy, different levels of use of different kinds of media and different access to public and private spaces where information can be shared.

**Accountability:** Generally speaking, gender considerations in accountability mean ensuring that both women and men are fully aware of and capable of participating in different accountability processes, both formal and informal. As accountability is essentially a question of power, unequal power relations can make demanding accountability

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<sup>11</sup> For more information see SDC Factsheet on „Gender and Democratisation, Decentralisation and Local Governance, SDC Gendernet 2016.

even more challenging for some groups of citizens, including women. A further accountability-related implication is that power holders should be held to account for upholding laws and standards affecting gender equality, specifically. Gender inequality is an issue where there is often a vast gap between commitments made in policy and actual practice on the ground. While NGOs often hold power holders to account, oversight institutions within the state – such as ombudspersons, human rights commissions and the judiciary – can also play a role in this respect.

**The rule of law:**

As outlined in detail in the section above on gender responsive judicial systems, the functioning of legal systems is both a striking example of gender discrimination and also an area in which change could have significant impact.

**Equality and non-discrimination:**

Engendering equality means not only considering inequality between women and men, but also considering questions of intersectionality. Women from communities that are discriminated against in a particular society may face particular challenges in participating in governance processes (such as differently abled women, for example). The same applies to third-gender individuals.

**Gender responsive public sector management**

An analysis of the gender responsiveness of public resource management means analysing decision-making processes and outcomes along the public resource management cycle. The diagram, excerpted from guidance on gender responsive budgeting in an SDC financed local governance programme in Kosovo, indicates key questions to ask at each step in the cycle.

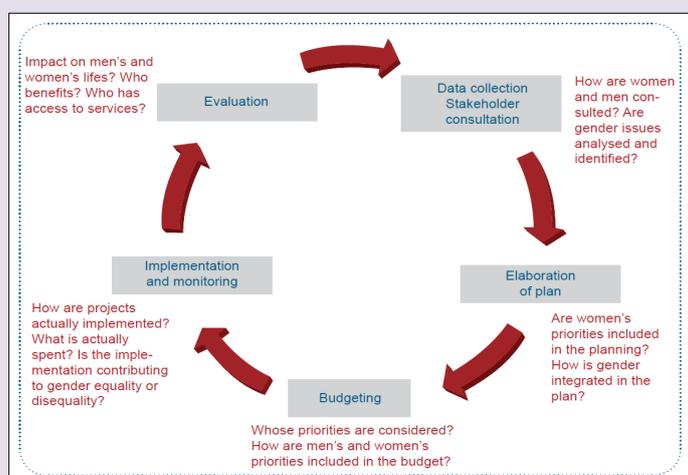


Figure 1: Gender in municipal plans and budgets (Krösschell, 2012)

**Addressing power issues<sup>12</sup>**

**Five pointers for possible action**

1) **Enrich the (compulsory) stakeholder analysis for SDC activities with targeted 'political economy analysis' and 'power analysis':** a more profound analysis of context (structure, quality of performance and processes) politics and power dynamics is a precondition for meaningful external support. Changes in sector governance – that result in improved service delivery – are primarily dependent on domestic political and policy processes. Recipient governments often signal their formal approval of certain reforms but are less inclined to actually ensure effective implementation. Donor reliance on imported 'best practice models' therefore have to give way to 'domestic pathways of change' that are feasible in a given context. That is why political economy analysis (PEA) and power analysis (PA) are worth incorporating in SDC practice. It is recognised that embassies may not always have sufficient time and personnel resources to fully engage in such exercises. Yet there is scope to use these more sophisticated

<sup>12</sup> Based on inputs by Jean Bossuyt, ECDPM and Jethro Petit, IDS.

analytical tools in a 'light' and iterative manner.<sup>13</sup> Before starting the analysis clarify:

- ✓ The purpose: is the purpose to better understand the context we are working in, or to understand how particular problems, bottlenecks can be solved, or how structural change can be influenced? In principle, the analysis will be more tangible when it focuses on the key issues (influencing factors and power issues) which are relevant for a particular topic, sector or stakeholder. What are the issues at stake and what do we need to know about factors that influence negotiations and decisions?
- ✓ The concept and methodology: the methodology may vary depending on the purpose and context. But the concept of power can also be understood in many ways, and how it is perceived will influence what we think needs to be done. Ideally the analysis will draw on a combination of concepts that can shed light on multiple forms of power.

**2) From analysis to action – determine the scope and limits of your activities:** both political economy analysis and power analysis offer an opportunity to reflect on our assumptions of how change happens, which may help to determine both the scope and limits of relevant support strategies in a given sector/ context. It may lead us to change relationships with partners, to plan or reorient programmes, and to influence policies more effectively. To that end, the '**4As**' approach could be applied: alter, adapt, avoid or await, leading to the adoption of one or several of the following implementation strategies:

- ✓ Trying to **alter** the influence of structural and process factors of a country / sector will be challenging in the short to medium term and at a minimum requires that long-term influences and structural factors be acknowledged in policy design.
- ✓ Often the preferred option will be to **adapt** to domestic governance realities, interests and constraints. In more mundane terms, this implies 'going with the grain.'<sup>14</sup> This is particularly important in governance settings characterised by patrimonial systems with a strong predominance of informal 'rules of the game'.
- ✓ A major added value of the PEA and PA approaches is that they may help policymakers to **avoid** clear political obstacles to reform: e.g. by mapping the disincentives of key stakeholders to effectively implement stated policy objectives or by mapping the disabling power structures/dynamics that obstruct reforms.
- ✓ PEA and PA can also help policymakers and practitioners to judge whether for some policy reforms it may be more judicious to **await** more propitious political-economic circumstances.

**3) Choosing relevant entry points:** the next step is to use the analyses for determining the most suitable entry points where real traction exists to improve sector governance. To this end, it is helpful to distinguish between what are (legitimate donor) aspirations regarding a reform process and what represents genuine problem solving in a given context, where political pressure to act is likely to be more acute. The more donors focus on the detailed content (which project, policies, indicators should be pursued), the more the actions could crowd out domestic governance mechanisms. Depending on specific country and sector realities, external agencies can:

- ✓ Work within the existing space for reform –by carefully manoeuvring within the prevailing sector governance arena and making use of all possible windows of opportunities to push for influencing the rules of the game and power imbalances. Furthermore, while it is commonly acknowledged that policy reform often requires a 'champion' to help push it through, it is important to also understand the potential capacity of technical and political individuals in raising their voice and in forming coalitions based on interests.
- ✓ Look for avenues to **expand** the space for reform –this is typically done by investing in a stronger 'demand side' for sector governance (e.g. through voice and accountability mechanisms).

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<sup>13</sup> Current SDC PEA Tools will be revised in this light in 2017. For other available very practical guidance on how to deal with political analysis see D. Hudson et al. 2016. *Everyday Political Analysis*. Developmental Leadership Program.

<sup>14</sup> See R. Crook and D. Booth. 2011. Working with the grain? Rethinking African Governance. IDS Bulletin, 42.2

- 4) Provide smart incentives:** four types of incentives can be distinguished, all of them to be carefully thought through and applied:
- ✓ *Political incentives:* e.g. by involving all the relevant domestic actors who play, or should play, a role in the governance set-up in the sector, including policymakers, checks and balances institutions, local authorities, non-state actors, etc.; or by facilitating the inclusion of the above actors in budget processes.
  - ✓ *Institutional incentives:* e.g. by providing direct funding to local authorities so as to increase their autonomy and accountability as development actors or ensuring the necessary linkages and coherence between sector support and decentralisation processes; or by providing core funding to associations and civil society organisations to enhance their strategic programming and profiling.
  - ✓ *Empowerment strategies – closely linked to political and institutional incentives:* enabling domestic actors to influence spaces where negotiations and decisions take place and the way they are shaped. Different empowerment strategies are possible, such as i) awareness raising, building self-confidence, shaping public discourse, opinions, beliefs; ii) access to information; iii) organising communities and popular support; iii) alliance building, networking, advocacy, iv) policy dialogue; v) knowledge and leadership building; vi) affirmative action.
  - ✓ *Bureaucratic incentives:* e.g. by seeking to formalise proven informal governance practices gradually instead of attempting to replace them in one stroke through formal approaches.
  - ✓ *Financial incentives:* these have traditionally been the preferred set of donor-induced incentives. Yet practice abundantly shows that external agencies *cannot buy reforms* and that aid funding impacts the state-society compact (e.g. in terms of citizens' perception of who delivers services) and related power structures and accountability lines.
- 5) Play a pro-active role as process facilitator:** where possible, the SDC could also seek to engage in brokerage activities, i.e. by harnessing the interests of different stakeholders in terms of (i) defining realistic ambitions; (ii) overcoming information asymmetries; (iii) facilitating collective action as part of a problem-solving approach; (iv) creating demand-side pressures for regional coordination and cooperation; (v) stimulating coalitions of actors.

### The politics of decentralisation in Mozambique

In view of preparing the new cooperation strategy, the SDC cooperation office in **Mozambique** commissioned a political economy analysis on decentralisation. It aimed at conducting an in-depth analysis of the decentralisation process and history, the outcomes and challenges, the main stakeholders, drivers and restrainers. It put forward suggestions for entry points for development partners whose focus are the provinces, the districts and the municipalities. The report helped clarify the problem, the rules of the game, the foundational factors, the key actors and who can be the drivers and restrainers of change. Subsequent joint reflection highlighted the importance for the SDC to work at two levels: on the **political settlement** by working on the relations between the two **opposing parties**, Renamo and Frelimo, as well as other actors involved; at the **municipality level** by working with municipalities, association of mayors and civil society organisations. The premise behind the work at the local level was that it would feed the debate and influence the agenda as well as the terms of the agreement. Concerning the political settlement, a coordinated approach between Swiss diplomacy and development is needed.

### Example of addressing the conflict dimension

#### Sustaining a culture of peace in Tanzania

During the elaboration process to design the new cooperation strategy for 2015 – 2018, a conflict analysis recommended taking the increasing level of political, religious, socio-economic and natural resource-based tensions more explicitly into consideration. The governance domain should include political opportunities to work *on conflict* when they emerge and reserve an open budget for financing

future activities. The conflict analysis also recommended creating and strengthening spaces for open constructive social dialogue and peace building, for example through activities with the media (delivery of balanced information and creation of spaces for open dialogue on various socio-political issues).

These recommendations were integrated into the governance domain of the cooperation strategy with a specific *peace maintenance* outcome: “The use of peaceful means to prevent and deal with conflicts, particularly those related to religion is increased.”

Indicators:

- Existence and use of a Conflict Early Warning Mechanism for Tanzania (CEWR)
- Number of successful dialogue initiatives taken up by state and non-state actors to address conflictual topics
- Citizens’ perception regarding availability of public space for social and peace dialogue

As one concrete result, the entry proposal for the SCOPE (Sustaining a Culture of Peace) programme was adopted in March 2016 for the 2016–2025 period, with a budget of CHF 11,550,000. The following goals will have been achieved during the entry phase from April 2016 to March 2017:

- Gauge the Tanzanian government’s interest in and commitment to establishing a Conflict Early Warning and Response (CEWR) mechanism under the stewardship of the Tanzanian National Committee for Prevention of Genocide TNCPG.
- Undertake a careful selection of partners for this action.
- Support the TNCPG in defining a clear concept and action plan for the establishment of a national centre for CEWR and collect baseline data for its establishment.

## **Example of promoting good governance in partner organisations**

### **Promoting good governance in SDC partner organisations in Benin:**

In a collaborative effort with all domestic partner organisations, the majority of them domestic professional organisations and associations, including the association of local governments, the SDC in Benin developed an instrument for analysing their internal governance. This self-assessment tool is based on 7 governance principles and includes a factual and a perception survey. Initial experience indicates that partners appreciate the value of this initiative for their organisation. But to enhance internal learning and broaden the understanding of the good governance concept, the principles must be contextualised with local realities and anchored at the grassroots level of organisations. The instrument also needs to be integrated in their own management processes, for example during the annual review and planning.

# SDC's Approach to Governance

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Conceptual guidance  
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A practical guide  
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A practical guide

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**Swiss Agency for Development  
and Cooperation SDC**



SDC NETWORK

**Democratisation, Decentralisation  
and Local Governance**

# Part 3

## Governance in health – a practical guide

This guide is one in a series to support SDC staff in integrating governance in the SDCs' priority themes – in this case health. It outlines key governance issues regarding the health sector and how these can be integrated into the design, implementation, monitoring and evaluation of cooperation strategies and projects. This guide is part of the *SDC's Conceptual and Practical Guidance to Governance* (available here).

### Introduction

The enjoyment of the highest attainable standard of health is one of the **fundamental rights of every human being**. This right is enshrined in the Constitution of the World Health Organization (WHO)<sup>1</sup> and the International Covenant on Economic, Social and Cultural Rights<sup>2</sup> as part of the International Bill of Human Rights. Health is central for poverty reduction and plays an important role in ensuring social security, peace and economic stability.

The 2000 Millennium declaration includes eight Millennium Development Goals, three of which are dedicated to health. This has triggered unprecedented interest and investment in global health issues. Much has been achieved in improving people's health and lowering the burden of disease. Nevertheless, huge challenges remain, particularly inequalities in access to health resources, a dramatic increase in non-communicable diseases and fragmentation and poor quality of health services.

Consequently, universal access to quality health services, sustainable health financing and disease prevention and treatment remain high on the sustainable development agenda and are targets under Goal 3 of the 2030 Agenda.<sup>3</sup>

Achieving these targets and the health related goals will require substantial improvements in the governance of the health sector in order to improve its performance and outcomes. This ranges from allocation of resources for health, mechanisms for accountability and oversight, coordination between different tiers of the health system and stakeholders as well as evidence-based policy processes. Multi-level and multi-stakeholder governance approaches that promote accountability and participation are critical for health systems in order to deliver quality and people-centred health services which leave no one behind. These aspects are reflected in the **WHO approach to governance in health** which defines leadership and governance as one of the six building blocks of a health system. This understanding emphasises the importance of steering and regulation of the health system and promotes collaboration with other sectors, including the private sector and civil society, the establishment of transparent and effective accountability and the participation of the population in an inclusive manner to promote population health<sup>4</sup>.

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<sup>1</sup> The Constitution was adopted by the International Health Conference held in New York from 19 June to 22 July 1946, signed on 22 July 1946 by the representatives of 61 States, and entered into force on 7 April 1948.

<sup>2</sup> Adopted by the UN General Assembly on 16 December 1966 and entered into force on 3 January 1976. It has been ratified by 164 states as of November 2016.

<sup>3</sup> Cf. SDC Health Policy (2013) and WHO (2012) Governance for Health in the 21<sup>st</sup> century [http://www.euro.who.int/data/assets/pdf\\_file/0019/171334/RC62BD01-Governance-for-Health-Web.pdf](http://www.euro.who.int/data/assets/pdf_file/0019/171334/RC62BD01-Governance-for-Health-Web.pdf) (accessed on 2 November 2016).

<sup>4</sup> See also <http://www.who.int/healthsystems/topics/stewardship/en/> (accessed on 23 November 2016)

**The SDC recognises that addressing governance in health is critical for achieving the SDC's overall goal in health** which is to improve population health with a specific focus on poor and vulnerable groups. The **SDC approaches governance in health** by a) integrating gender and governance in all SDC health activities, b) placing a focus on **strengthening health systems** to extend universal coverage<sup>5</sup> and c) engaging in health governance dialogue at global level.

A health systems strengthening approach includes a thorough assessment and monitoring of political, economic and social processes and encompasses aspects of health financing, governance and management of the health sector and key constraints related to the health workforce, quality and availability of health resources (infrastructures, medical products, technologies, information) in order to inform health programming. Activities must refer to a human-rights based approach and promote citizen participation and empowerment, social protection and (social) accountability mechanisms to extend truly universal health coverage.

More generally, a human rights approach to health refers to international human rights law to identify rights, freedoms and entitlements of rights-holders as well as obligations of duty-bearers to realise these rights and ultimately strives for the elimination of all forms of discrimination. The fulfilment of the right to health is closely linked to the **improvement of the underlying determinants of health**<sup>6</sup> especially in the areas of livelihoods, nutrition, education and access to water and sanitation, which is an important aspect of the SDC's approach to health.

Equally important are **aspects of health services, goods and facilities**, such as their **accessibility** (affordable, reachable, non-discriminatory), their **availability, acceptability** (for different population groups) and their **quality** – also referred to as the **AAAQ** framework. Along with freedoms (e.g. from non-consensual treatment) and entitlements (e.g. to essential medicines) of right-holders they constitute an important pillar of a rights-based approach to health.

*Global Health* recognises the “impact of global interdependence on determinants of health, transfer of health risks and the policy response of countries, international organizations and the many other actors in the global health arena,”<sup>7</sup> which determine access to health across different regions of the world. The SDC aims at **strengthening global health governance** through efficient coordination **between multilateral organisations** at global level<sup>8</sup>. The policy impact hypothesis is that a stronger normative and coordinating role of the WHO, multi-sectoral collaboration for health between multilateral organisations, as well as coherent Swiss policy messaging will foster the coordination between these organisations and reinforce their efficiency and effectiveness. Switzerland is host to a range of key institutions for global health, both multi-lateral (WHO, GFATM<sup>9</sup>, UNAIDS etc.) and private sector (pharmaceutical companies), but also research institutions and NGOs (MSF, ICRC). Consequently, Switzerland is well positioned to assume a key role in improving international governance standards for the planning, implementation and monitoring of technical and political action in health.

Health outcomes are however not only rooted in the health sector, but are strongly influenced by other sectors and their respective policies. This includes the economy, education, water and sanitation, the

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<sup>5</sup> *Strengthen health systems to extend universal coverage* is one out of three priority themes in SDC's Health Policy (2013). *Universal health coverage* (UHC) has been defined by the WHO as the desired outcome of health system performance whereby all people who need health services (promotion, prevention, treatment, rehabilitation and palliation) receive them, without undue financial hardship.  
[http://www.who.int/entity/healthinfo/universal\\_health\\_coverage/UHC\\_Meeting\\_CivilSociety\\_Jan2014\\_Report.pdf?ua=1](http://www.who.int/entity/healthinfo/universal_health_coverage/UHC_Meeting_CivilSociety_Jan2014_Report.pdf?ua=1) accessed on 23 November 2016).

<sup>6</sup> Determinants of health include the general socio-economic, cultural and environmental conditions that affect a person's individual health status as part of a social group or community. They include education, nutrition, access to water and sanitation, human security, employment and income, labour conditions, gender roles, environmental conditions etc. and are ideally resources for good health. The Health SDG 3 cannot be achieved without addressing the determinants of health beyond health services.

<sup>7</sup> Kickbusch, I. (2002) *Global Health - A definition*. Yale University.

<sup>8</sup> SDC Global Programme Health, Strategic framework 2015-2019

<sup>9</sup> The Global Fund to fight Aids, Tuberculosis and Malaria

environment and food systems. The concept *health in all policies* recognises these sectoral interdependencies by addressing and mainstreaming health in all sector policies.

While the concept of governance in health is well established and researched, concrete methods and approaches to address governance aspects in health remain few. The following chapters aim at providing concrete guidance on **how to address governance in health projects**, both at global level, through multi-lateral partnerships, and at national level through bi- or multi-lateral health projects.

## Key governance challenges and implications

Common governance challenges across the components of health systems can be analysed along three different dimensions: **1) governance structure, 2) governance processes and 3) key actors**.<sup>10</sup>

The following table identifies governance challenges within the health sector and outlines some of the implications for health outcomes:

Dimension	Governance challenges and implications <sup>11</sup>
<b>Governance structure:</b> policies, strategies, laws and institutional setup	<ul style="list-style-type: none"> <li>- <b>Unclear roles and responsibilities within the health sector:</b> leads to inefficient use of resources and heavy bureaucracy; leads to fragmentation of health system and services; prevents clear accountability relationships leading to weak enforcement of health policies and strategies.</li> <li>- <b>Scarce finances</b> for health but also other sectors: leads to non-availability of essential medicines and equipment, regional disparities in health delivery, high out-of-pocket expenses as well as discrimination and weak inter-sectoral collaboration on health because of inter-ministerial competition for resources.</li> <li>- <b>Lack of systems</b> (policy, laws, institutions) to ensure <b>transparency and equity</b> in the allocation and use of resources for health.</li> <li>- <b>Weak regulation of the private sector</b> which is generally profit oriented: results in exclusion of the poor from service delivery and lacks accountability mechanisms.</li> <li>- <b>No functional separation between health provider and purchaser</b><sup>12</sup>: this weakens accountability, leads to unclear responsibilities and impedes performance and cost effectiveness of the health system.</li> </ul>
<b>Governance processes:</b> adherence to good governance principles	<ul style="list-style-type: none"> <li>- <b>Poor health information systems</b> (and management): limits the ability of oversight institutions to track progress toward meeting health targets and to make adjustments as needed; information gaps impede health officials' capacity to identify and respond to demand for improvements in health service delivery (e.g. patient-centred care) and to inform policy design (e.g. for pro-poor prioritisation) – this is a particular risk in correlation with a highly centralised system.</li> <li>- <b>Weak accountability systems:</b> lead to little transparency, a lack of sanctions and high level of corruption by state institutions in</li> </ul>

<sup>10</sup> For more specific information and guidance on how to address particular sub-themes of governance, e.g. gender, fragility, public sector financing, please refer to the examples in: Governance as Transversal Theme: a practical guide to integrating governance in the SDC priority themes/sectors.

<sup>11</sup> Also compare Mikkelsen-Lopez, I. (2014) Health System Governance in Tanzania: Impact on service delivery in the public sector. <http://edoc.unibas.ch/34099/1/IML%20thesis%20May%2014th%202014.pdf> (accessed on 2 November 2016).

<sup>12</sup> Many mandatory health insurance schemes are funded and managed by the state, which consequently assumes a double role of providing health services and financing them from the general state budget.

	<p>procurement and distribution as well as in treatment (requests for informal fees/bribes from patients).</p> <ul style="list-style-type: none"> <li>- <b>Lack of coordination and collaboration</b> to design and implement health policies: health policies are not defined in a participatory and inclusive manner, and health services delivery does not build on partnerships for efficiency (with the private sector, NGOs, communities), leading to low quality and low responsiveness of health policies to local needs and low levels of implementation.</li> <li>- <b>Limited coordination of donor and development partner inputs</b> into the national health system: lowers effectiveness of aid and contributes to fragmentation of the health system.</li> <li>- <b>Non-inclusive and not responsive health planning</b> (e.g. at sub-national level) combined with scarce resources: leads to selective and inadequate prioritisation of health issues, inadequate budgeting and reinforces inequitable access to health and discrimination.</li> </ul>
<p><b>Key actors:</b> power, capacities and interests to shape the governance system and processes</p>	<ul style="list-style-type: none"> <li>- <b>Weak technical capacities</b> of health professionals and systemic incentives fostering unethical behaviour lead to weak health outcomes and low public trust in public health systems.</li> <li>- <b>Lack of political willingness</b> to address equity issues and work with non-governmental stakeholders leads to limited outreach and quality of health services.</li> <li>- <b>Focus</b> of health service providers <b>on treatment and cure</b> to the detriment of health promotion and disease prevention leads to low health literacy levels in the population, limited awareness of rights and persistence of underlying determinants of health.</li> <li>- <b>Asymmetry in patient-health provider relationship</b> leads to healthcare not being responsive to people's needs, to potential discrimination and stigmatisation (e.g. AIDS patients and vulnerable groups), low patient compliance with treatment and poor health outcomes.</li> <li>- <b>Few incentives to enhance performance</b> because of unattractive working conditions in the health sector (low salaries, no supportive supervision, few opportunities for professional advancement, little security, high workload) and prevalence of nepotism and non-merit based appointments: results in high staff turnover, absenteeism in public institutions, brain drain and unethical behaviour.</li> </ul>

## Key recommendations for integrating governance in the health sector<sup>13</sup>

SDC activities in health encompass health systems strengthening approaches with support to sector policy reform, continuum of care (from promotion, prevention to curative and rehabilitative/palliative services), capacities for health (incl. for research), financing for health e.g. for pro-poor schemes or budget support, support to health information systems, and support to global health governance (also refer to the examples in the next chapter). The following are some key considerations and recommendations on how to best integrate governance in health programming:

<sup>13</sup> Also compare: Governance as Transversal Theme: a practical to integrating governance in SDC priority themes/sectors, (Chap. 2.2), which provides a comprehensive analytical framework.

Governance structures	Recommendations for programming
<p><b>Policy framework</b></p>	<ul style="list-style-type: none"> <li>Analyse the existing health policy framework (constitution, laws, regulations, strategies) concerning the following aspects</li> </ul> <p><i>Does it correspond to people’s health needs and the national context? Does it commit to universal health coverage and equity? Is it inclusive? Does the policy framework clearly regulate roles and responsibilities, including those of private sector actors? Is an updated national health strategy and action plan in place with clear goals, targets and SMART indicators (disaggregated for equity monitoring)? Are strategies and plans matched by adequate funds?</i></p> <ul style="list-style-type: none"> <li>Support responsible state institutions (MoH, parliamentary committees) in reviewing and adapting policies and strategies and promote multi-stakeholder dialogue (including civil society organisations, private sector, patient organisations, professional associations etc.).</li> <li>Look into other sectors such as education, nutrition, water and sanitation</li> </ul> <p><i>Do these policies address important social determinants of health and are they operationalised? If not, consider addressing social determinants in other sectors in your programming (see example from Tanzania in the next chapter)</i></p>
<p><b>Decentralisation architecture</b></p>	<ul style="list-style-type: none"> <li>Assess how functions, financial and decision-making powers are assigned at different levels (central, sub-national, local) within the ministry of health (including related public institutions such as health insurances) and other ministries involved in health issues (education, agriculture, etc.).</li> </ul> <p><i>Are functions shared or not across levels? Do the available resources match the assigned functions and needs at all levels? What is the potential for own source revenue generation?</i></p> <ul style="list-style-type: none"> <li>Support clear definition and assignment of roles and responsibilities with corresponding human and financial resources at different government levels.</li> <li>Define a system of shared responsibilities between the ministry of health (MoH), private health providers, medicine and technologies providers, insurance schemes and professional associations, NGOs and community groups and support the establishment of clear communication and information channels, both vertically and horizontally</li> </ul> <p><i>Do sub-national platforms exist where health stakeholders can agree on priorities and allocation of resources? How are the roles of professional associations, NGOs, community groups and private sector providers defined and how do they play out in reality?</i></p>
Governance processes	Recommendations for programming
<p><b>Effectiveness and efficiency</b></p>	<ul style="list-style-type: none"> <li>Strengthen effective and efficient public resource management processes in the health sector by focusing on informed planning (based on evidence from health providers), public financial management, performance monitoring and control, public information and consultation.</li> </ul>

*What is the MoH's performance in achieving its operational and strategic targets? How effective and efficient is the management of public resources at central (MoH, MoF) and local level (e.g. capacities and role of local governments in public finance management) considering the decentralisation architecture in place?*

- Foster sector coordination among key stakeholders at various levels and across different sectors.

*How effective and efficient is collaboration within the MoH (vertical coordination) and across different sectors and non-state health actors (horizontal coordination)?*

### **Accountability architecture<sup>14</sup>**

- Strengthen the overall accountability architecture by supporting accountability actors (such as parliamentary committees, CSOs, ombuds institution, office of the controller and auditor general) as well as accountability processes (by promoting public access to health programming, steering and monitoring, budget information and outcomes), partnerships for accountability (e.g. platforms for CSOs) and sanctions and redress mechanisms and promote measures against corruption.

*What is the role of parliament, audit institutions, judiciary and media/civil society in overseeing health sector budgets, performance and applying sanctions? How do these actors collaborate? Can citizens hold district authorities accountable? Is there a mechanism to address complaints by patients and sanction professional misconduct? How could the project address widespread corruption in the health sector?*

### **Participation**

- Strengthen and establish spaces for inclusive participation and improve the quality of participation

*Does a coordination forum exist where all stakeholders of the health sector (and other sectors) have a voice? How is civic participation at local level organised? What local groups exist and how are the interests of vulnerable groups represented? What is the role of the local governments/district authorities in providing spaces for health-related decision making? Are citizens or their representatives (patients' associations, CSOs) able to influence district planning for health promotion activities? What are the competences and capacities of involved stakeholders to contribute meaningfully?*

- Strengthen the role of professional associations in advocacy, policy development and promotion of quality standards

*How are health associations governed, managed and financed? What are their capacities to influence planning, steering and monitoring within the health sector? How do they network with other interest groups, CSOs and professional associations and liaise with legislative and regulatory bodies?*

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<sup>14</sup> The domestic accountability architecture includes the practices and measures of state authorities and other responsible actors to explain and justify their actions towards the public; the ability of civic and public oversight bodies to demand accountability, monitor performance and denounce corruption; measures by state institutions to sanction and correct non-compliant practices (e.g. combat corruption).

<b>Equality and non-discrimination</b>	<ul style="list-style-type: none"> <li>Address power relations that lead to inequality and discrimination and encourage health providers to promote specific measures to enhance gender equality and social inclusion.</li> </ul> <p><i>What groups are mostly excluded from accessing promotional, preventive and curative health services? What are the patterns of exclusion? Are pro-poor and insurance schemes available (including informal ones)? Are the interests and needs of vulnerable groups (children, pregnant women, the elderly, people with disabilities) represented in national and sub-national decision making processes? How equitable is access to health services for vulnerable groups? Are provisions in place such as pro-poor funding, local language, female health staff and transport? Are effective mechanisms in place to prevent social stigmatisation e.g. of HIV/AIDS or patients with a mental disability?</i></p>
<b>Rule of law</b>	<ul style="list-style-type: none"> <li>Address weaknesses in the legal and regulatory system and build capacities within the judiciary on health sector specific issues</li> </ul> <p><i>Is a legal framework in place that effectively regulates the provision of health services and medicines, procurement of drugs and technologies and health financing and provides re-dress mechanisms? Do courts have specialised benches that deal with public health and health insurance issues? Is the justice system accessible to all?</i></p>
<b>Transparency</b>	<ul style="list-style-type: none"> <li>Promote platforms for information sharing and management information systems</li> </ul> <p><i>How does evidence from the field feed into policy design? How is public health research organised? How is information collected, analysed and used to inform both practitioners at field level and policy makers? Do health authorities and institutions continuously inform the public and other concerned actors about key decisions and their related decision-making process?</i></p>
<b>Key actors</b>	<b>Considerations and recommendations for programming</b>
<b>Power, incentives and motivations</b>	<ul style="list-style-type: none"> <li>Identify incentives that can trigger policy and practice/behavioural changes and empower relevant actors for enhanced health governance.</li> <li>Identify disincentives that impact negatively on performance (e.g. working conditions) and propose remedial action.</li> </ul> <p><i>Are relations between key health stakeholders defined by domination or collaboration and alliance, strong, weak or conflict relations? Which actors/key institutions enjoy most trust and legitimacy (e.g. midwives traditional healers)? Which actors are the most powerful (e.g. in terms of financial resources, but also position, power or networks)? What are health staffs' grievances and satisfaction levels regarding their employment and workplace conditions?</i></p>
<b>Human resources capacities</b>	<ul style="list-style-type: none"> <li>Strengthen the capacities of health stakeholders (nurses, doctors, community workers, public health staff etc.) to perform their duties.</li> </ul> <p><i>Are skills (knowledge, competences and ethics) of health providers sufficient to fulfil assigned duties? What are the capacities of MoH staff to inform health policy development? What qualification systems are in place for (continuous) medical education and training? Are training curricula for different health career options standardised and do they</i></p>

*comply with international standards? Is the professional staff management system fair and motivating? Does supportive supervision exist in the health system? How is it perceived by the health workers?*

#### **Advocacy**

- Strengthen the role of advocacy work in promoting health and support platforms for multi-stakeholder and multi-level exchange.

*Is sufficient information available to key stakeholders to advocate for specific health issues, including the right to health for all and to evaluate the system's effectiveness and performance? Does the administrative and political set-up promote effective, inclusive and affordable healthcare, does it protect the most vulnerable and empower the disadvantaged and is it responsive to feedback and complaints? Are civic organisations (CBOs, interest groups, professional associations) capacitated and empowered to advocate for social health promotion?*

## **SDC best practice: implementing governance as transversal theme in projects**

The following examples from SDC health portfolios illustrate how governance can be effectively integrated into the health domain. The selection aims at highlighting both a domain level approach to governance (the example of Tanzania) as well as different aspects of governance that are at the core of individual projects.

### **A comprehensive and systemic approach to health in the cooperation with Tanzania**

The Tanzania Health Portfolio (Swiss Cooperation Strategy 2015-2019) is a good example of a comprehensive and systemic approach to health that places considerable emphasis on governance aspects at different levels within and beyond the health sector. The portfolio includes projects addressing aspects of health policy, financing for health including public finance management, decentralised health administration, community participation in planning, managing and reporting on health services, and other determinants of health (e.g. water and sanitation). To monitor progress at country level, indicators that refer to national and district audit reports and national financing for health including equity concerns are included.

**Addressing the underlying determinants of health: Water and Sanitation Governance for Health in Tanzania.** Water and sanitation (WASH) is one of the most important underlying determinants of health. Whereas the legal framework and policy guidelines on water management do exist in Tanzania, water management committees in some areas are not fully functioning and in many cases ownership and roles and responsibilities for water management are not clearly defined. Upon the request of regional authorities, the SDC is upgrading water supply and sanitation systems in 100 primary health facilities in order to reduce the high risk of infection transmission and improve the quality of care in health facilities. Communities are capacitated to ensure participatory and sustainable operation and maintenance of the water supply and sanitation facilities, and knowledge of hygiene amongst health workers, patients and visitors is improved. As part of the gender and social accountability mainstreaming, women's representation in water governance structures is increased (through management and leadership skills training) and their specific hygiene needs addressed. Citizen report cards are introduced to assess citizens' access and satisfaction with WASH services and inform the dialogue between citizens and district authorities.

**Health systems strengthening to improve the efficiency, accessibility, acceptability and quality of health services:** the *Health Promotion and System Strengthening project* (HPSS) in Tanzania works both on the demand (health promotion, health insurance, community health funds) and the supply side (drug procurement; health technology maintenance) to improve health services. The project applies a

social health protection approach and supports the development of corresponding public finance mechanisms to protect people against health risks (pro-poor funding). The existing rural insurance community health fund has been reformed in order to increase coverage, include the poor and simplify payment to health facilities. A mechanism of pooled procurement at the regional level through a public-private partnership has been set up in order to secure drug availability in health facilities (medicines management through a 'prime vendor system'). The communities' awareness of their health needs is strengthened and they are empowered to take action to improve their health and influence health promotion activities at district level. A maintenance system for existing health equipment and technologies in the health facilities contributes to improved quality of health services.

**Public sector financing for quality care at all levels<sup>15</sup>:** In 2015, Switzerland played a central role in coordinating the health sector budget support in Tanzania. Concretely, Switzerland contributed to reforming the *Health Basket Fund* (HBF) which is a joint financial mechanism used by international donors and the Tanzanian government (ministries of finance, decentralisation and health), that makes additional resources available to districts to reach their health objectives. The HBF encompasses a performance element to foster the quality of care. It is part of a wider public finance reform and contributes to effective decentralisation by devolving the most pertinent financial competences to the district level.

The HBF enables coordination with other stakeholders and donors resulting in an aligned and harmonised approach to promoting health-sector reforms informed by evidence from other activities, such as the Health Promotion and System Strengthening project.

## **Addressing governance from different angles: examples from SDC health portfolios**

### **A rights-based approach to health**

The SDC approach to the right to health typically strengthens accountability for health by building capacities and competences amongst duty-bearers to fulfil obligations and to empower rights-holders to claim their rights:

**A non-discriminatory and adapted approach: addressing the health needs of specific population groups:** in Moldova, the SDC supports a national programme that provides *Youth Friendly Health Services* (YFHS) across the country. YFHS includes counselling on sexual and reproductive health and rights, pre- and postnatal education and the provision of qualified medical, psychological and social assistance. The programme works both with duty bearers by strengthening the capacities of medical staff, social workers and school staff and right-holders by empowering and enabling young people to acquire the knowledge, skills, attitudes and values necessary to make informed decisions about their sexuality and health. The inclusion of the most vulnerable groups (Roma, drug users, people with disabilities) is emphasised and social support services and legal services ensure the safeguarding of young people's and vulnerable groups' health rights and wellbeing.

**Empowering citizens to claim their rights:** in Mozambique, the *Strengthening Social Accountability for Health Services project* complements the SDC's health sector budget support by empowering citizens to claim accountability and transparency in public spending and better quality of service delivery. The project both engages civil society organisations and citizens, with a focus on women's and children's rights and combines a human-rights based approach to health with a local governance perspective that seeks to establish functional accountability and transparency mechanisms between citizens, local CSOs, community based organisations and district health providers. Not least will the evidence generated at local levels be used to inform and influence national health policies.

### **Public finance management competences for health**

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<sup>15</sup> Also refer to the more detailed description of the Tanzania HBF in: Governance as Transversal Theme: a practical guide to integrating governance in the SDC priority themes/sectors (Annex 1).

In **Kyrgyzstan**, a Sector Wide Approach (SWAp) aims at strengthening the capacity of the MoH in areas where **institutional weaknesses** have been identified, i.e. financial management (introduction of a new fiduciary risk assessment) and the implementation of **public finance management** reforms in the health sector, specifically to ensure that the MoH and the mandatory health insurance fund are capacitated to take an active part in the budget processes in conjunction with the ministry of finance. This includes support in financial reporting, procurement, contract management and the use of the medium-term budget framework. Accountability is strengthened through a comprehensive and explicit joint statement between the Kyrgyz government and the donors. The SWAp allows greater harmonisation and division of labour in development partners' activities.

### **Capacity development for improved health provision at decentralised levels**

In Kosovo, where the responsibility for the delivery of primary healthcare services is decentralised to the local level (including decision-making, financial and managerial authority), municipal governments are key partners in health which often lack the necessary managerial and professional capacities to fulfil their functions, leading to low quality of health services and low trust of people in the system. In order to improve the skills of health managers at both municipal and facility levels for improved health provision, a management training system has been developed with support from the Affordable Quality Health Care for Kosovo (AQH) project and will be anchored with a partner institution to facilitate scaling up and sustainability. The system is aligned to national health development strategies and will foster a change in attitude and practice from a system based on a simple control mechanism to internal quality auditing procedures that help managers to identify areas for improvement and engage in continuous quality improvement (CQI) activities. This includes facility and service management, basic health technology management, planning, financial management and budgeting, HR, communication, and leadership. Implemented through a continuous professional development programme and other on-the-job training programmes, the clinical and professional skills of health providers in selected municipalities with a high share of vulnerable communities will be strengthened leading to more efficiency, quality and responsiveness of primary healthcare provision at decentralised levels.

### **An adapted and conflict sensitive approach to health in fragile contexts**

Myanmar has been affected by conflict and civil war since independence in 1948. As a result, a parallel system of social services provision has developed in territories controlled by non-state armed groups (NSAG). As is the case with state-run facilities and services in Myanmar, the quality of health provision is very low and is marked by extremely scarce public funding, insufficient numbers of qualified staff, lack of infrastructure and equipment, and language and cultural barriers. This situation is exacerbated in NSAG-controlled areas that only have the most basic facilities, equipment and medicines and staff. Through the Primary Health Care (PHC) project, the SDC provides support to government as well as ethnic health systems in Kayin/Karen State, a conflict-affected state of southeast Myanmar. Applying a conflict-sensitive and adapted approach, the project engages in state and non-state controlled areas with different implementing partners that enjoy the trust of local stakeholders. Both state and ethnic health department-run facilities receive equal support to improve the provision of basic health services. In line with the ongoing peace negotiations between government and ethnic armed groups, the project facilitates coordination between ethnic and government health systems and discussions for a future potential convergence of the two systems (use of the same training curriculum for community health workers; recognition of accreditation). The project also takes into account the expected return of IDPs and refugees to resettlement areas in the project region and prepares accordingly. This is particularly important from a conflict-sensitive perspective.

## **Important aspects for monitoring and evaluation (M&E)**

- ✓ **Anchor health governance at cooperation strategy level:**
  - Design **domain outcomes** that include governance considerations (legal framework, state of decentralisation, performance and interaction of responsible actors in public sector management processes compared to good governance principles, power dimensions, personal

interests, incentives/disincentives and available capacities of key stakeholders) both at the level of people and institutions.

- Include a specific field of observation/indicator in the health domain to measure progress in **improving governance in the health sector**. A list of key outcome indicators is available on the Health Shareweb (from March 2017).
  - Include changes in aspect of governance in the Risks and Assumptions part of the Cooperation Strategy.
  - Include governance-relevant **country development indicators** (e.g. linked to accountability, transparency and oversight mechanisms and equity concerns or based on the AAAQ framework) in the health domain.
- ✓ **Anchor health governance at project level:**
- Include key questions on health sector governance in terms of reference for health sector assessments, reviews and evaluations to inform project design and adaptations in action strategy and result frameworks of ongoing projects.
  - Establish individual project outputs and outcomes for pertinent governance issues, linked to health governance structures (e.g. improved policies for health governance), processes (e.g. clear functional assignment of roles and responsibilities) and key actors in health (e.g. individual/group behaviour changes).
  - **Equity monitoring** can help to monitor inequalities in health **between different sub-population groups**, e.g. the richest and the poorest quintile. Combine health outcomes with at least one 'equity-stratifier' such as gender, wealth quintile, ethnicity, culture, age and place of residence to measure progress in reducing health inequalities (outcome: citizens have improved access to affordable primary health services. **Indicator 1: percentage of infants who received *post-natal care within 2 days of childbirth, broken down by gender and vulnerable population groups***). Because health inequalities are often multi-dimensional, (e.g. more pronounced amongst poor, rural women) multiple equity-stratifiers should be considered.
  - Address persistent social determinants within other sectors through specific activities (e.g. in water and sanitation) and monitor and evaluate their relevance for health governance systems and processes.
- ✓ Keep in mind to not only include line ministry actors and their respective sources of verification in your M&E framework but also communities, unions, (formal and informal) insurance companies/schemes, technology/medicine suppliers, professional associations, patients' associations, umbrella organisations, other sector actors and international partners' performance.
- ✓ Keep in mind that health indicators need a reliable source of information such as a quality health management information system, or certified/reliable surveys.