

POLICY ON GOOD GOVERNANCE



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INTRODUCTION

Swisscontact promotes inclusive economic, social, and ecological development to make an effective contribution to sustainable prosperity in developing and emerging economies. Our projects support the creation of opportunities through enterprise and skills promotion. They facilitate inclusive development in line with the Sustainable Development Goals (SDGs).

The importance of good governance to sustainable development is confirmed not only by the adoption of a governance specific SDG (16 – Peace, Justice, and Strong Institutions) but also because governance is recognised as the means to a broader end; it is an essential lever of the systemic transformations needed to achieve all 17 SDGs.¹

Having systems change as an explicit aim, Swisscontact applies an Inclusive Systems Development (ISD) approach to development cooperation. Acting as trainers, facilitators and enablers, we work to achieve sustainable impact at scale. To succeed, it is essential for us to understand existing governance arrangements and power relationships, and their effects on system functioning. Project teams, having conducted systems mapping exercises and context-specific stakeholder and conflict sensitivity analyses, can then determine which partnerships and interventions are likely to lead to long-lasting changes at the systems level.

When designing projects and particularly when selecting partners, it is our experience that two factors are of critical importance. First, sustainable change can only be achieved when championed by local actors. Swisscontact makes sure to empower and involve representatives from a range of local groups in project design and strategic decision-making. This helps to increase local ownership, contextualise solutions, address inequalities, and ultimately to increase the sustainability and longevity of project results.

Second, entities that practise good governance perform better and have stronger incentives to behave ethically. This holds true across sectors. Public sector organisations that focus on good governance and accountability make better-informed, longer-term decisions and use resources more efficiently². In the private sector, good corporate governance enhances a company's reputation, building trust between the company and its stakeholders. It can inform decision-making, improve financial performance, optimise resource use, mitigate risks, enhance sustainability and help to attract investment.³ This is why Swisscontact looks to collaborate with partners who are already applying the good governance principles or those willing and able to improve their existing governance practices.

1 [UN Global Sustainable Development Report 2019 p.29](#)

2 [IFAC and CIPFA. Good governance in the public sector p.6](#)

3 [NASDAQ. The benefits of good corporate governance](#)

For the above reasons, good governance has been adopted by Swisscontact as one of three sustainability criteria, along with gender, equality and social inclusion, and environmental responsibility.⁴ By addressing these cross-cutting themes, we increase the likelihood that our impact will be systemic and lasting. We mainstream the three sustainability criteria in our projects.

The three criteria are also addressed at corporate level, where they form the basis of our organisation's sustainability strategy. Mindful that as an NGO we enjoy public trust and are funded by donors, we commit to hold ourselves to the highest possible standards. Therefore, the governance component of the sustainability strategy focuses on compliance, preventing fraud and corruption, and on ensuring robust corporate governance at all levels of the organisation.

In this policy document, Swisscontact makes explicit its commitment to practise and promote good governance. This policy has been approved by our Executive Board on behalf of the organisation. Details of how this commitment translates into action at the corporate level, project management level, and project impact level follow. This policy provides the basis for implementation guidance, opportunities for peer-to-peer exchange, and further resources for project teams.

1 Definitions and Objectives

1.1 Definitions

CONTESTED CONCEPTS

There is no uniform and unchallenged definition of **governance**. The term is defined by different organisations according to their individual perspectives and areas of focus. The current trend is for interpretations to evolve from state-centric and hierarchical to become more network- and market-based. Emphasis is increasingly being placed on participatory and collaborative understandings, which align well with the way we work. The definition we use below has broad acceptance and applicability.

In a similar way, definitions of **good governance** also vary and are contested. The concept is often criticised in development theory for being too rooted in Western understandings of statehood and corporate governance. Although aware of this, and also being aware of the different conceptualisations of politics, policy and polity in development contexts, we still find it a helpful concept for the governance and orientation of our own organisation and work. The definition below is based on a UN definition.

Governance specialists assert that there are between four and twelve **good governance principles**. The list of eight principles reproduced here is taken from a widely-cited UN publication. However, the explanations are Swisscontact's own, formulated in deliberately practical terms to guide us in our work.

⁴ [How we work - Our Work - Site \(swisscontact.org\)](https://www.swisscontact.org/en/our-work)

Governance “refers [...] to all processes of governing, whether undertaken by a government, market, or network, whether over a family, tribe, formal or informal organisation, or territory, and whether through laws, norms, power or language. Governance differs from government in that it focuses less on the state and its institutions and more on social practices and activities.”⁵ Simply put, governance means the process of decision-making and the process by which decisions are implemented.⁶ Many types of governance are recognised. Those most relevant to Swisscontact’s work are corporate governance, public governance, and project governance.

Good governance is a collection of principles and practices which seek to ensure that in processes of decision-making and implementation corruption is minimised and relevant voices are considered. As a result, good governance is responsive to the present and future needs of society. Good governance is described by eight major characteristics: it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law.⁷

GOOD GOVERNANCE PRINCIPLES

Participation. Affected parties are able to influence decisions. They are free to express their views, individually or collectively. Effort is made to solicit the opinions of disadvantaged groups.

Consensus oriented. Where possible, and as far as the political context allows, different interests and viewpoints are mediated to try to find solutions that are in the best interests of the people as a whole.

Accountability. Public and private institutions are accountable to the public and to their institutional stakeholders. They are accountable to all those who will be affected by their decisions and actions.

Transparency. Decisions are taken and published in accordance with a pre-defined process. Information is provided to those directly affected in easily understandable forms.

Responsiveness. Institutions and processes try to serve all stakeholders within a reasonable period.

Effectiveness and efficiency. Processes and institutions produce results that meet the people’s needs while making best use of the resources, particularly financial and natural, at their disposal.

Equity and inclusiveness. All people, including those from disadvantaged groups, have a stake in society. Each person should have the chance to improve or to maintain her or his standard of living.

Rule of Law. There is respect for and adherence to legal frameworks and regulations. Human rights are respected and protected, particularly those of disadvantaged groups.

5 Bevir, Mark (2012). Governance: A very short introduction. Oxford, UK: Oxford University Press p.1

6 [What is Good Governance?](#)

7 [What is Good Governance?](#)

1.2 Objectives

Swisscontact is committed to upholding these principles of good governance within our organisation and in our projects. This commitment translates into the following aims.

ORGANISATION LEVEL

Swisscontact is convinced that practising good governance at the organisation level helps us to maximise our impact because it leads to:

- better decision-making, informed by stakeholder views,
- increased levels of credibility and trust among donors, partners, beneficiaries, and employees,
- enhanced financial stability, aided by an efficient use of resources,
- improved responsiveness when presented with new opportunities,
- improved risk management, including the prompt identification and mitigation of risks.

PROJECT MANAGEMENT LEVEL

By adhering to good governance principles in our project management, Swisscontact demonstrates:

- balanced decision-making, informed by relevant stakeholder input,
- transparent partner selection processes, reducing the risk of associated tensions,
- transparent procurement processes and reduced corruption,
- efficient use of resources, especially natural and financial resources,
- equitable use of resources, considering the additional needs of disadvantaged groups.

PROJECT IMPACT LEVEL

By both mainstreaming good governance and through governance-specific interventions, our reach is bigger and our impact at systems level more durable. Swisscontact aims to contribute to:

- increased awareness of the benefits of applying the good governance principles,
- improved access to and higher quality of public services,
- improved collaboration between the public and private sectors,
- improved policy and regulatory environment for business development and skills promotion,
- increased civic participation, both national and local, especially by disadvantaged groups,
- higher levels of trust between people, private sector actors, and public institutions.

2 Implications

Good governance is integrated into Swisscontact's strategies, processes, and activities. This happens at organisation level, project management level and project impact level.

2.1 Organisation level

To ensure that Swisscontact is itself applying the good governance principles, we have well-established structures, policies, and processes in place. The most important of these are described below. Also in this section, we outline how we communicate transparently about our activities, internally and externally, and how we promote understanding of good governance within our own organisation and in our interactions with others.

SWISSCONTACT'S OWN GOVERNANCE

Governance structures

Swisscontact operates from a sound legal basis. The foundation charter (“Stiftungsurkunde”), statutes (“Statuten”) and management manual (“Geschäftsreglement”) detail the organisation’s purpose and activities. They also list its various governance bodies and define the role and responsibilities of each. A brief description follows, though more detailed information is available in our Annual Report⁸.

The Foundation Council is the strategic management and supervisory body that bears ultimate responsibility for Swisscontact. The Foundation Council elects a Foundation Board, which is responsible for supervising the day-to-day business and activities of the Executive Board. One subsidiary of the Foundation Council is the Finance and Audit Committee, which deals in detail with financial management, control and audit issues. Another is the HR Committee, which, among other responsibilities, leads on succession planning for the Foundation Council, Foundation Board and Executive Board.

The Executive Board is headed by the CEO and is responsible for implementing the strategy, business operations, the organisation of the global office and the regions, the management of the accounts, and the planning, acquisition, financing, preparation and execution of development projects. This group of senior managers is also responsible for establishing and fostering Swisscontact’s culture of openness and inclusivity by demonstrating transparent decision-making processes involving active participation from across the organisation.

Policies

Swisscontact has a comprehensive set of policies to guide our operations. Policies are reviewed regularly, in the case of this policy on good governance, this happens annually. Our policies cover a wide variety of topics, including, but not limited to, human resources, security, gender and social inclusion, environmental responsibility, and protection from sexual exploitation, abuse and harassment. Of particular relevance is the code of conduct, which describes a set of shared values consistent with the good governance principles.

The code of conduct applies to all employees and other individuals working under the Swisscontact name and forms part of our contracts with them. It is also an integral part of the formal agreements we sign with non-public contractual partners and subcontractors. Through annual code of conduct training, we promote the good governance principles.

In 2009, Swisscontact signed the UN Global Compact, an initiative that promotes corporate responsibility with regard to human rights, labour practices, environment, and anti-corruption. Swisscontact has a strong anti-corruption stance. It communicates this publicly through its membership of Transparency International. At the time of writing, the Compliance and Audit Circle is preparing a new policy on preventing fraud and corruption. Already, Country Directors and project teams have access to tailored support whenever they need it.

Working in fragile contexts, Swisscontact is sometimes faced with rapid changes in the national or subnational political situation. It is our policy to stay on the ground when there are acute crisis situations, such as coups d’état. In most instances, unless otherwise directed by donors or it is unsafe for our staff to do so, we attempt to continue working with our local partners. We commit to a “do no harm” approach and apply the principles and tools of conflict sensitive project management, taking care not to support potential dividers and, if possible, to actively support connectors.

⁸ [Annual Report 2022, online version](#)

Control and management of processes

Swisscontact's policies are translated into clearly documented, strict rules and guidelines covering all aspects of our operations in all countries.⁹ These include robust internal controls, monitoring systems, and reporting lines. Emphasis is placed on separation of roles, accurate recording of information, and sound financial management. These rules help us to define accountability, ensure the highest standard of compliance with relevant laws, regulations and standards, and to prevent corruption and misuse of funds.

Swisscontact's financial management processes comply with Swiss GAAP FER 21 "Accounting for charitable non-profit organisations" and were first certified by Zewo¹⁰ in 1998. The Zewo designation is awarded to non-profit organisations for the conscientious handling of money entrusted to them. It proves appropriate, economical, and effective allocation of donations. It recognises transparent and trustworthy organisations with functioning control structures that uphold ethics in the procurement of funds and communication. For more than 25 years, Swisscontact has consistently retained its certification and is regularly audited on its adherence to Zewo criteria.

Even with strong systems in place, sometimes suspected or actual breaches of our procedures or of the code of conduct occur. Swisscontact takes such instances very seriously. We encourage colleagues, consultants, partners, and beneficiaries to speak up without fear of reprisals and operate several distinct reporting channels at country, regional and global level. Confidential and anonymous channels are available. One of our internal channels is the network of elected and trained Compliance Officers in every country. An important external channel is the international freephone number and reporting platform operated by a professional provider.¹¹

Once a suspected or actual breach of our procedures or code of conduct is reported, it is handled in accordance with our case management process. That process details the steps to be taken and the responsibilities of the parties involved. It also outlines what information is to be shared with whom and at which stage of the process, for example, when an external expert investigator should be used and at what point the Finance and Audit Committee or donor needs to be informed about an investigation and its outcome. The consequences of substantiated cases can, in serious cases, include terminations of employments or implementation agreements.

TRANSPARENT COMMUNICATION

Swisscontact communicates transparently with stakeholders about its activities. Extensive information about the organisation is available online¹², including the latest versions of our Annual Report and Financial Report. For the year 2024 onwards, we will also detail our progress towards the environmental, social and governance targets set out in our sustainability strategy.

Swisscontact is fully committed to transparency in sustainability reporting and has a zero tolerance approach to greenwashing. To give one example of transparency, it undertakes to publish each year the number of suspected breaches of its code of conduct and the number of such reports that have been substantiated.

To keep a geographically dispersed and diverse workforce informed, Swisscontact does not just rely on regular in-person staff meetings but makes effective use of technology. Strategic decisions made by management are communicated in video updates. The Knowledge Exchange and Learning team ensures that lessons learned in one project are made available to other project teams and it facilitates peer-to-peer learning. A well-structured intranet contains relevant and useful resources. It is frequently updated and well used.

⁹ *Field Manual for Business Administration* (or its successor) and its associated documents, guidelines, and tools

¹⁰ A foundation which assesses the financial management of NGOs [Zewo – Your donation in good hands](#).

¹¹ International freephone number: +800 7233 2255 or +44 191 516 7749 or online <http://www.safecall.co.uk/report/>
¹² <https://www.swisscontact.org/>

PROMOTING UNDERSTANDING OF GOOD GOVERNANCE

Within the organisation

Swisscontact builds the good governance knowledge and capacities of individual staff members. First, governance is included in the global onboarding process. Second, as regards continuous education, we ensure that all employees complete the code of conduct training course each year. For this, participants apply the good governance principles to situations they may encounter in the course of their work. Emphasis is placed on avoiding conflicts of interest, and on treating others with respect, namely tackling discrimination, sexual exploitation, abuse, and harassment. Third, topical governance matters are addressed during regular leadership training given to top managers (Regional Directors, Country Directors, and Global Office Middle Management).

Regarding institutional knowledge, information about good governance at project level is collated and disseminated by an Advisor on Good Governance and by colleagues across departments. Project teams are encouraged and supported to share their governance experience with peers. People across the organisation have access to implementation guidance, best practice examples as well as case studies highlighting governance pitfalls and what to do if a problem arises.

Our culture is that of a learning organisation and we encourage open dialogue, including about mistakes or things that should be done differently next time. Colleagues are given freedom to innovate and emboldened to communicate results, whether good or bad. This sharing of learning, with senior management leading by example, promotes trust and creates an expectation of transparency. The questioning and challenging of ideas is welcomed. This culture is a solid foundation for well-informed, inclusive decision-making.

Outside the organisation

Swisscontact promotes good governance in our interactions with our key stakeholders. At organisation level, donors are an important target group for such conversations. We outline our approach to good governance mainstreaming and make funding partners aware of the systemic and long-term benefits of financing dedicated governance components. We exchange learning and information on governance matters with them.

Through the signing of a clause in the implementation agreement committing them to adhere to the code of conduct, our non-public consortium partners, subcontractors and implementing partners are required to explore the topic of good governance. When working alongside them, we encourage our partners to adopt good governance practices and, with donor backing, are able to support an increasing number of them to do so.

2.2 Project management level

Resources to ensure effective good governance mainstreaming are provided to project staff. Most important is the integration of good governance guidance into the Inclusive Systems Development (ISD) toolkit. The following section gives a brief overview of the main points project managers need to consider. The information is arranged by project cycle management stage.

IDENTIFICATION AND ACQUISITION

It is during the acquisition stage that the scope of projects is defined. While all Swisscontact projects mainstream good governance, some projects successfully secure funding for dedicated good governance components. At this early stage, it is important that bid teams ensure that:

- potential governance risks and negative impacts are considered, and the project budget and staffing are sufficient to address any identified issues,
- there is scope for positive impacts on governance practices to be made and maximised,

- due diligence is carried out for consortium and implementing partners, and subcontractors, as required,¹³
- for intended donors from the private sector, due diligence is carried out in line with Swisscontact's policy.¹⁴
- donors are aware that good governance is mainstreamed in Swisscontact projects,
- donors are appraised of the systemic benefits of funding dedicated good governance components.

PLANNING AND IMPLEMENTATION

The governance contexts of Swisscontact projects differ considerably by country, working area, and sector. However, the following essential requirements and additional considerations are applicable to all projects.

ESSENTIAL REQUIREMENTS FOR MAINSTREAMING GOOD GOVERNANCE

Systems mapping. As part of the ISD diagnosis, current governance structures and processes are understood. The regulatory environment is examined and the power dynamics between actors are analysed. Potential governance risks are detailed so they can be monitored, managed, and mitigated. Teams also assess the potential of a project to contribute to positive governance changes. The use of participatory approaches which give a prominent role to local actors is recommended. A conflict sensitive project management approach is applied.

Partner selection. Organisations already applying the good governance principles or those willing and able to improve their governance practices are prioritised. Due diligence is carried out, as required. ¹⁵ Incentives for partners to apply the good governance principles are identified and communicated.

Steering committee. In principle, each project should have an oversight body to give support and advice to project teams. Swisscontact, project partners, the donor, beneficiaries, and local or national public bodies are likely to be represented. They work together to steer project progress in line with objectives.

Stakeholder consultation. Once stakeholders have been identified and their roles, interests, and likely influence on project outcomes considered, regular and meaningful consultation takes place..

Inclusive and transparent decision-making. Project decision-making processes are clearly defined and involve active participation from stakeholders. The views and voices of local actors are given significant weight. Decisions are communicated in a timely and appropriate way.

Evidence-based, adaptive project management. Insights gained from monitoring systems are used to update project strategies, ensuring projects use resources effectively and achieve the intended impact.

Monitoring the evolving governance context. The political, social, and economic environment is regularly assessed for new risks and challenges. Project interventions are adapted to mitigate them.

¹³ in line with Swisscontact's Policy on Partnership Management.

¹⁴ according to Swisscontact's Policy on Cooperation with Donors from the Private Sector.

¹⁵ in line with Swisscontact's Policy on Partnership Management.

ADDITIONAL CONSIDERATIONS FOR MAINSTREAMING GOOD GOVERNANCE

Leveraging technology. Transparency and efficiency can be enhanced using digital tools and platforms to streamline project management and improve stakeholders' participation and access to information.

Long-term partnerships. Our own intervention in systems is time limited. Take steps to ensure that partners and stakeholders are enabled to continue working successfully together after the project ends.

Knowledge transfer. In line with our role as a facilitator, we build the capacity of system actors. As far as contractual obligations permit, we maximise the transfer of knowledge assets to local partners.

Navigating emerging tensions. Working in contexts with power imbalances or frequent corruption can throw up unexpected challenges. The Advisor on Good Governance or the Focal Point for Conflict Sensitivity can support.

The humanitarian-development-peacebuilding nexus. Implementing projects in fragile contexts, where public governance is weak, requires additional flexibility and coordination. This is particularly true at the nexus, where we have good experience creating synergies working in partnerships with humanitarian agencies towards common objectives.

MONITORING, EVALUATION AND LEARNING

In case the need for governance-specific monitoring and results measurement has been identified, project teams, together with a Monitoring and Results Measurement Advisor, develop appropriate indicators in line with the theory of change.

In addition, Swisscontact's internal data collection asks all projects to report how and to what extent they have been able to mainstream good governance in the project design and implementation. Similarly, those projects with dedicated good governance components report on those activities annually.

Project managers are invited to discuss governance-related project steering questions as well as the findings of project evaluations with the Advisor on Good Governance and with their peers.

PROJECT CLOSING

The closing of a project is planned at an early stage and coordinated with the Global Office. A project-specific checklist is prepared. A nominated person is responsible and monitors and controls the closing process. A comprehensive transfer protocol is written, approved, and signed by the relevant parties.

2.3 Project impact level

All Swisscontact projects mainstream good governance. A subsection of projects secure additional funding for dedicated good governance work. Either way, interventions address one or more of the four impact areas below.

STRENGTHENING PUBLIC SECTOR INSTITUTIONS

Capacity building work with public bodies, for example, ministries and municipal governments, has long term benefits. Our actions may involve advising on governance structures and processes in broad terms. Or, alternatively, we may support public bodies to improve performance against a specific good governance principle, like accountability, transparency, or responsiveness. In this way, we support improved access to and a higher quality of public services for wage workers, self-employed people and entrepreneurs.

IMPROVING GOVERNANCE IN THE PRIVATE SECTOR

This work involves raising awareness of the benefits of good corporate governance. It comprises assessing and improving the governance capacities of non-public partners and beneficiaries, for example, small and medium enterprises, business support organisations and civil society organisations. We advise on governance practices

that are appropriate to the size and capacities of the organisation and their stakeholder groups. In so doing, we aim to support organisations towards improved performance, financial stability, ability to take advantage of new opportunities, ability to weather shocks, or potential to attract and retain investors. Ultimately, these strengths help to create and retain jobs.

IMPROVING THE POLICY AND REGULATORY ENVIRONMENT

We focus our efforts on facilitating connections between public and private sector organisations. The intention is that the dialogues lead to concrete outcomes, such as the development of sector-specific policies, formal consultations, or regulatory changes that modify incentives and change behaviours. In enterprise development projects, barriers to business development are reduced and inclusive economic growth is promoted. In skills projects, more people are able to access services, and training systems perform better and are financed more sustainably. These improvements lead to job creation and additional income-generating opportunities for our target groups.

REALIGNING POWER DYNAMICS IN A SYSTEM

This needs to happen when an imbalance of power is excluding certain groups from the benefits of economic development or leading to weak governance. Projects will seek to realign power dynamics by, for example, improving access to information, convening stakeholders with similar interests, or capacity building. In doing so, we aim to reduce market inefficiencies and improve system functioning. It is intended that realigned power dynamics will result in increased civic participation, especially by disadvantaged groups, and in higher levels of trust between people, private sector actors, and public institutions. Such trust can make the difference as to whether economic growth benefits everyone or just a few.¹⁶

¹⁶ [OECD, Integrated Public Governance](#)