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# The EBRD's approach to civil society engagement, 2024-29



**European Bank**  
for Reconstruction and Development

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## Acronyms

CSCEF	Civil Society Capacity Enhancement Framework
CSE	Civil Society Engagement team
CSO	civil society organisation
EBRD	European Bank for Reconstruction and Development
IFI	international financial institution
INGO	international non-governmental organisation
IPAM	Independent Project Accountability Mechanism
MDB	multilateral development bank
NGO	non-governmental organisation
SDG	Sustainable Development Goal

## Executive summary

The European Bank for Reconstruction and Development's (EBRD) new approach to civil society engagement for 2024-29 is driven by evolving challenges and opportunities across the Bank's regions and focuses on the results and lessons learned from the Bank's collaboration with the civic space.<sup>1</sup> This document outlines the EBRD's overall engagement with civil society as a key partner in promoting the principles of multiparty democracy and pluralism and the EBRD's activities in the economies where it operates.

This approach resonates with and contributes to the EBRD's overarching strategic priorities by: (1) supporting the Bank's operational objectives, (2) fostering the green economy transition and sustainable development, (3) promoting transparency, accountability and good governance, and (iv) enhancing policy dialogue on and public buy-in to the Bank's initiatives.

Within the context of the current organisational setting and resources, the EBRD will work on transforming its approach to civil society engagement, from risk mitigation to impact generation and advancing civil society engagement across the Bank's operations by pursuing the following objectives: (1) supporting and engaging with civil society through meaningful mechanisms; (2) responding to global crises where they affect the EBRD regions through civil society engagement; (3) developing the safety and openness of the civic space; and (4) strengthening the Bank's internal incentives for civil society engagement, effectiveness and accountability.

To deliver these strategic objectives, the Bank will draw on all available mechanisms – information exchange, dialogue, consultation, collaboration and partnership – to engage with civil society in the EBRD regions in a meaningful and impactful way. These engagement mechanisms will be used in an agile manner and tailored to the needs and operational conditions of both the Bank and the civic space.

The approach sees the advancement of existing partnerships and the forging of new relationships with civil society representatives, multilateral development banks (MDBs), international financial institutions (IFIs), the private sector and donors as key to upscaling and enhancing civil society engagement. The EBRD will explore possibilities for meaningful and impactful civil society-centred partnerships in the field of policy and advocacy, capacity building, operational collaboration, knowledge and best-practice sharing.

The EBRD will track progress on the approach and remain agile and flexible in terms of modifying and adjusting its priorities and activities in response to the changing operational and business environment in the economies where it operates.

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<sup>1</sup> Civil society is a public space between the state, the market and citizens, in which people associate voluntarily to advance common interests. For the EBRD's purposes, civil society actors include groups and organisations, such as non-governmental organisations (NGOs), think tanks, social movements, labour unions, community-based

organisations, women's groups, business development organisations and other socioeconomic and labour-market actors, as well as individual activists and opinion makers.

# 1. Introduction

This document sets out the EBRD's approach to civil society engagement for 2024-29. Recognising the pace at which the global civil society landscape is transforming due to multiple developmental challenges and opportunities, the Bank aims to take a more proactive approach to its collaboration with the civic space.

**Turning challenges into opportunities for engaging with civil society.** This document provides an overview of how MDBs cooperate with civil society, with a particular focus on the means and forms of engagement in the EBRD regions. It defines the Bank's principles and levels of engagement, key tools and means of cooperation and the potential impact on advancing transitions in market economies, among other things. The approach also pinpoints the key challenges and how they can be turned into opportunities for the EBRD in terms of engaging with civil society in 2024-29.

**Advancing ongoing civil society engagement.** This approach builds on the scope of work outlined in *The EBRD's Engagement with Civil Society: Roadmap (2017-20)*.<sup>2</sup> The roadmap streamlined the Bank's engagement with civil society by establishing solid partnerships, providing capacity-building support to civil society, improving information exchange and knowledge sharing with civil society actors, and raising awareness both internally and externally about the role and impact of civil society in the economies where the Bank operates. The 2024-29 approach aims to continue supporting current activities and to design and develop new formats and levels of meaningful engagement with civil society in the post-Covid-19 world, which is facing new challenges (such as the war on Ukraine and earthquakes in Türkiye).

**Defining the 2024-29 approach.** Section 5 of this document sets out the EBRD's objectives under its approach to civil society engagement, as well as the means and actions to achieve them. More specifically, the Bank will focus on supporting and engaging with civil society through meaningful mechanisms, responding to global crises through civil society engagement, protecting and promoting the civic space, and strengthening the EBRD's internal incentives for civil society engagement, effectiveness and accountability. At the same time, the Bank will remain agile, so it can adjust its objectives based on ongoing evaluation of the operational context. Maintaining current partnerships and forging effective new relationships with multiple stakeholders (MDBs, civil society, international development partners, donors, the private sector and so on) will be essential to achieving tangible results.

**Outlining the Bank's long-term vision.** The Bank's long-term vision is for civil society engagement to contribute to the implementation of the EBRD's Strategic and Capital Framework by (1) supporting the transition to a green economy, (2) promoting equality of opportunity and (3) accelerating the digital transition.

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<sup>2</sup> See EBRD (2016).

## 2. The EBRD's mandate and civil society engagement

The EBRD's core mandate is to enhance the transition towards well-functioning market economies in countries that are committed to and applying the principles of multiparty democracy and pluralism.<sup>3</sup>

Because of its unique mandate, the EBRD sees civil society as a key partner in the economies where it operates<sup>4</sup> and an essential building block in the development of democracy and pluralism. From the EBRD's perspective, civil society includes non-governmental organisations (NGOs), policy and research think tanks, social movements, labour unions, community-based organisations, women's groups, business development organisations and other socioeconomic and labour-market actors.

At the operational level, civil society can contribute greatly to the development of the Bank's policies and strategies, the implementation of investment projects, the promotion of public dialogue, and holding governments and policymakers to account.

Under its 2024-29 approach, the EBRD's engagement with civil society will help to achieve the Bank's wider strategic objectives:

- **Supporting Article 1.** Under Article 1 of the Agreement establishing the EBRD,<sup>5</sup> the Bank fosters the transition to open market-oriented economies and promotes private and entrepreneurial initiative in countries of operation that apply the principles of multiparty democracy, pluralism and market economics. Civil society is an essential enabler and indicator of multiparty democracy and pluralism.

- **Promoting the Bank's Environmental and Social Policy.**<sup>6</sup> The EBRD is committed to the principles of transparency, accountability and stakeholder engagement, as well as to promoting the adoption and implementation of those principles by its clients. The Bank will build constructive and responsive relationships with civil society to effectively manage and monitor environmental and social risks and impacts associated with the Bank's investments.
- **Engaging on the Access to Information Policy.**<sup>7</sup> The Bank will actively engage with civil society on its Access to Information Policy, which sets out the EBRD's commitment to transparency and disclosure based on the principles of transparency, accountability, good governance and client responsibility.
- **Engaging on the Independent Project Accountability Mechanism (IPAM).**<sup>8</sup> IPAM is the independent accountability mechanism of the EBRD, which reviews environmental, social and transparency-related concerns over Bank-financed projects raised by project-affected people and civil society. The Bank will engage with civil society across the EBRD regions to ensure that IPAM's purpose, functions and activities are well communicated to and understood by stakeholders.

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3 See EBRD (1990).

4 See EBRD (n.d.a).

5 See EBRD (1990).

6 See EBRD (2019a).

7 See EBRD (2019b).

8 See EBRD (n.d.b).

## 3. Engagement with civil society: opportunities and challenges

### 3.1. MDBs and civil society

**Civil society is key to building better, greener and more inclusive economies.** In an era marked by multiple crises, or what has been termed a “perma-crisis”, and competing economic blocs, the decentralisation of decision-making is becoming ever more necessary. The current debate in this regard mainly focuses on the need for national and international institutions to involve non-governmental stakeholders, civil society actors and local communities more in their decision-making processes.

In times of crisis, the role of civil society is particularly essential. The vibrancy, penetration and reach of the civic space are vital to developing efficient solutions to a rapidly changing landscape. For instance, civil society has been proactive in helping to solve the socioeconomic problems triggered by the Covid-19 pandemic, including by partnering with public institutions and private companies to combat the virus. Moreover, Russia’s war on Ukraine, the earthquakes in Türkiye and Morocco, and other emergencies in the EBRD regions have brought the civic space to the frontlines of crisis response and mobilised the resources and efforts of local communities.

Building better, greener and more inclusive economies will require an approach that recognises the importance of communities and civil society as sources of innovation, accountability, service delivery and norm-setting to meet existing challenges.

None of these challenges can be addressed without a cohesive, coordinated effort from all stakeholders and actors involved. Consequently, an initiative can only be effective if it has the support and buy-in of all key stakeholders – including local communities, NGOs and other civic-space contributors. Civil society is, therefore, likely to become a critical conduit, enabling the stakeholder model of capitalism to work in a sustainable, inclusive, climate-friendly way.

**Civil society is a key enabler of international development.** With the environmental, social and governance (ESG) agenda rapidly gaining in importance around the world, civil society engagement has become mainstream in the global business operations of IFIs, including MDBs and their clients.

Civil society organisations have thus emerged as a major force in international development over the past 30 years, as expert service providers in their field. Civil society’s contribution in the areas of sustainable development, human rights, policymaking and social services has been vital.

While largely neglected in the Millennium Development Goals process, the role of civil society in promoting sustainable and inclusive economies has been given greater prominence in the Sustainable Development Goals (SDGs).<sup>9</sup> The 2030 Agenda for Sustainable Development<sup>10</sup> is clear on the need to mobilise civil society organisations (CSOs) to implement and uphold accountability for the SDGs.

**MDBs engage with civil society on multiple levels.** MDBs, including the EBRD, are committed to building vibrant and inclusive market economies through their investments and policy engagement, and the strengthening of communities and civil society in countries where they invest. As a result, all IFIs and MDBs have dedicated resources to their ongoing engagement with civil society and are constantly changing and adapting their approaches to respond to new trends and needs that are emerging in the “third sector”.

All MDBs have at least three levels of engagement with civil society:

- outreach
- disclosure of information
- dialogue and consultation.

In all of these organisations, civil society engagement related to policy compliance at project level rests with departments dealing with environmental and social issues, government affairs and/or investment and, of course, clients. Furthermore, all MDBs hold dedicated annual civil society engagement events, normally tied to their annual governor meetings.

**There is a need for stronger engagement between civil society and MDBs.** In recent years, there has been a noticeable shift in MDBs’ civil society engagement, from a mainly reactive approach (focused on responding to complaints and information requests) to truly proactive arrangements through modernised tools and instruments of engagement. Most IFIs have adopted these novel civil society engagement practices.

These are testament to the valuable contribution of civil society when it comes to providing feedback on projects and services, as well as creating local ownership of public policy among the general population.

Engaging with civil society and local communities is crucial to increasing the effectiveness and impact of MDBs’ work. Moreover, deeper coordination and alignment between MDBs can foster new opportunities for growth and deliver greater impact at project level in

<sup>9</sup> See United Nations (n.d.).

<sup>10</sup> See United Nations (2015).

the civic space and for the people whose lives these organisations strive to improve.

Sharing best practices and lessons learnt from engagement with civil society is critical to ensuring that MDBs design appropriate tools, provide a platform for change for local communities and stay relevant to people in the economies where they operate.

There is significant opportunity to capitalise on civil society to generate greater impact, especially in the context of the Bank's inclusive investments and current Equality of Opportunity and Gender Equality Strategies.<sup>11</sup>

## 3.2. Civil society engagement in the EBRD regions

**Civil society is a key partner of the EBRD.** Operating in the space between the public and private sectors, civil society has played a key role in sociopolitical and economic transition processes around the world, including in the economies where the EBRD operates. In the three decades since the Bank was established, civil society has contributed to transition to varying degrees across the post-communist region. In some countries, the work of civil society has contributed to more democratic political systems and more open market-based economies. In others, the focus of civil society has been on providing a variety of social services, particularly to disadvantaged and vulnerable people negatively affected by the transition process and, more recently, by the Covid-19 pandemic.

Consequently, civil society actors in the EBRD regions are key stakeholders that have a vital role to play in re-energising transition. The distinct comparative advantages of civil society include the ability to bridge gaps between different sections of society and to provide a crucial link between the authorities, businesses and the public. Thus, civil society helps to generate the social capital and trust that underpins cohesive societies. Civil society can also help to facilitate greater participation and engagement by citizens in the process of political, social, economic and governance reforms.

**The Bank's engagement with civil society is evolving and intensifying.** Civil society engagement varies across the EBRD regions, with different levels of trust and participation in the civic space. Among citizens in some of the economies where the EBRD operates, there is a growing tendency to disengage from formal political institutions and processes in general, along with a decline in trust in traditional, formalised CSOs.<sup>12</sup>

Nevertheless, new informal civil society players and innovative patterns of social mobilisation, self-organisation and civic participation are becoming more prevalent, with many new forms of civic activism that are more participatory, informal, local, issue-focused and widely networked.

There are some indications that volunteering is on the rise, even in the traditional EBRD regions, where it has been habitually low. In some countries, particularly in central and south-eastern Europe, more direct, issue-oriented voluntary participation is increasingly replacing traditional forms of civic engagement. Members of the public tend to unite in their local communities in spontaneous and informal ways, often via social media, to debate and tackle local problems and often engage with local and central authorities in that regard. Over time, informal activists also tend to unite and form official NGOs.

Furthermore, new information and communication technologies (ICT) and the internet facilitate better communication, organisation and lower participation thresholds for civil society activists and provide new online tools to influence policymaking. As a result, more direct, issue-oriented participation is increasingly replacing traditional forms of engagement with political parties and representatives.

The vibrancy of this new kind of civil society is evident across the EBRD regions and beyond. It carries the potential for civil society to increase its overall influence on decision makers and play a more prominent role in holding government structures accountable through real-time monitoring and reporting by advocacy and watchdog organisations.

<sup>11</sup> See EBRD (2021).

<sup>12</sup> The exception to this trend is the institution of trade unions, which, although one of the most traditional forms of civic participation, remains highly influential in a number of economies, as evident in Tunisia and

Morocco, for instance. For more information on the decline in trust in traditional CSOs, please see Youngs (2019).



**The work of civil society is constrained by multiple challenges.** Although the civic space has immense potential to improve societies and economies, it faces significant needs and challenges in the countries where the EBRD invests, including weak capacity, insufficient resources, poor access to information and restrictive environments.

In recent years, there has been a trend among governments in several of the economies where the Bank operates to limit the space for civil society, contributing to a general deterioration in the conditions for development of the “third sector”. Some countries have enacted more stringent laws, while many established civil society actors have found themselves working in restrictive regulatory environments, sometimes under political pressure. This trend of shrinking the civil society space seems likely to continue in the medium to long term in many countries.

According to recent CIVICUS reports, the sustainability of civil society has been on a decreasing trend in the economies where the EBRD operates. Moreover, the EBRD regions seem to lack the enabling environment for the development of civil society. Only a handful of EBRD economies are classed as having an “open” civic space, while the majority are categorised as “obstructed”, “repressed” or “closed”.<sup>13</sup> The Covid-19 pandemic posed additional challenges, as many governments used it to undermine fundamental rights.

Civil society in the EBRD regions also lacks institutional capacity and needs to improve its governance, communication and outreach, particularly towards citizens. In addition, civil society suffers from a lack of stable funding and is consequently dependent on donors and/or governments. As donor funding is limited and/or more focused on specific issues (for example, climate change, gender or migration), many traditional civil society actors are increasingly unable to maintain their work, including their engagement with national and international counterparts, such as the EBRD.

These challenges often prevent civil society from engaging in an effective and sustainable manner with the EBRD, private-sector clients or governments. In this regard, the EBRD should take a proactive approach to tackling some of the obstacles hindering the effectiveness of civil society in promoting transition resilience. The issue of funding and capacity is one such obstacle, diminishing the ability of independent and unbiased CSOs to survive in an increasingly restrictive legal and political environment.

In addition, enhancing the technical expertise and management capacity of civil society can improve the effectiveness of policy reform dialogue and engagement in the EBRD regions.

### 3.3. Principles of civil society engagement

**Supporting the Bank’s strategic and operational objectives.** As part of the Bank’s commitment to good governance and democracy, the EBRD engages with a wide range of civil society representatives and considers civil society an important partner in development.

The EBRD’s engagement with civil society aims to underpin the Bank’s strategic and operational objectives through its direct engagement with a wide range of civil society stakeholders in member and recipient countries. It is also designed to contribute to the Bank’s Article 1 mandate of fostering transition towards well-functioning market economies in countries that are committed to and applying the principles of multiparty democracy, pluralism and market economics.

**Fostering the green economy transition and sustainable development.** The Agreement establishing the EBRD (Article 2) commits the Bank to promoting environmentally sound and sustainable development through the implementation of the Bank’s Environmental and Social Policy.<sup>14</sup> Environmental advocacy organisations and groups focusing on social, labour, human rights and gender issues are holding the EBRD’s public- and private-sector clients to account for their conduct towards employees, local communities and the environment. Through their on-the-ground knowledge and close links with local populations, civil society often alerts and helps the Bank to ensure that its projects consider the needs and concerns of local communities.

In this regard, the Bank endeavours to identify, raise awareness and engage with a broad range of stakeholders, including affected people and communities, civil society groups and members of the public. The EBRD recognises that stakeholder engagement is central to building the strong, constructive and responsive relationships that are essential to the successful management of a project’s environmental and social risks and impacts.

<sup>13</sup> See CIVICUS (2022).

<sup>14</sup> See EBRD (1990; 2019).

**Promoting transparency, accountability and good governance.** As a public institution, the EBRD is also committed to transparency, accountability and good governance, as stipulated in its Access to Information Policy.<sup>15</sup> Civil society often requests information from the EBRD and thus plays a key role in helping the Bank to become more transparent, accountable and inclusive in its decision-making processes and operations. Civil society expertise has, moreover, enriched many of the EBRD's institutional and sectoral policies and strategies.

**Enhancing dialogue and public buy-in.** Through IPAM,<sup>16</sup> the EBRD provides a legitimate path for members of affected local communities and civil society to raise concerns about alleged harm that EBRD-financed projects may have caused and whether relevant Bank policies have been followed.

The EBRD's open communication with civil society enhances the effectiveness and impact of its projects, investments and policy dialogue. Building deeper partnerships with civil society is important to achieving broader societal buy-in to reforms and increased local ownership of the transition and development process.

### 3.4. Levels of civil society engagement

Traditionally, the Bank has engaged with civil society by means of outreach and information disclosure, dialogue and consultations conducted in accordance with established international best practice in stakeholder engagement.

To re-energise transition and build transition resilience, the EBRD recognises that it needs to reach beyond its investment projects to encourage broader change. As mentioned, when it comes to civil society engagement, going beyond consultation to build deeper cooperation and partnerships with civil society, as a key stakeholder group, is important to achieving broader societal buy-in to reforms and increased local ownership of the transition process.

Across the “engagement continuum”,<sup>17</sup> the EBRD pursues five main levels of engagement with civil society:

- information disclosure
- events and Annual Meeting
- consultations and accountability
- operational collaboration
- partnerships.

**Information disclosure.** The Bank interacts with civil society through several communication products and discloses proactively and on request information about its operations following the Access to Information Policy and in line with best international standards.

**Events and Annual Meeting.** The Bank engages in ongoing dialogue with civil society, both through high-level exchanges with the EBRD President, senior management and the Board of Directors about strategic issues and at the working level in relation to specific projects, including through the flagship Civil Society Programme at the EBRD's Annual Meeting and Business Forum.

**Consultations and accountability.** The EBRD periodically conducts formal consultations with civil society on major institutional policies and strategies following Access to Information Policy requirements and in line with best practice.

**Operational collaboration.** Since 2013, the Bank has proactively cooperated and shared knowledge and expertise with local community groups and civil society through its Civil Society Capacity Enhancement Framework (CSCEF). This innovative programme allows the EBRD to collaborate with and provide support to a wide range of CSOs in the economies where it works in four main areas:

- transparency and good governance
- sustainable energy and resources
- gender and economic inclusion
- digital transition.

<sup>15</sup> See EBRD (2019b).

<sup>16</sup> See EBRD (n.d.b).

<sup>17</sup> The “engagement continuum” is a term originally devised by the World Bank and used by IFIs when describing their engagement with civil society. It outlines, among other things, “expected outcomes” of all five levels of engagement, namely, outreach and information disclosure, dialogue, consultation, cooperation and partnerships. While both sides

have shared goals/actions when it comes to cooperation, these are short term and ad hoc. Partnerships involve the long-term, institutional common goals/actions of IFIs and civil society.

Thus, the Bank enhances the capacity of a wide spectrum of grassroots and community-based groups, local and national professional and business associations, NGOs, academic and training institutions, think tanks, social enterprises and other civil society actors. The civil society beneficiaries of this programme represent various sectors – energy and resource efficiency, renewable energy, water and wastewater, sustainable transport and agribusiness, small business development, youth, rural and women's economic empowerment, and good governance in the public and private sectors.

**Partnerships.** The EBRD fosters partnerships with civil society to support effective project implementation and to amplify impact. Since 2019, the Bank has signed strategic partnership agreements with international NGOs (INGOs) to establish enhanced cooperation with likeminded organisations in order to complement each institution's ability to deliver on its mandate and achieve its objectives.

### 3.5. Civil society engagement as an enabler of successful transition

**Linking the public and private sectors.** Civil society has played a significant role in political and economic transition processes around the world, including in the EBRD regions. A vibrant civil society is an essential component of democratic societies and sustainable, inclusive and well-governed economies. Furthermore, civil society is uniquely placed in between the public and private sectors to play an oversight role and provide a counterweight to vested interests in government and business, serving as an important actor against discretionary power and poor governance.

Civil society helps to generate the social capital and trust that underpin cohesive societies. Thus, civil society is crucial to the democratic fabric of society, economic growth and social innovation, and an important partner in driving transition reforms.

**Ensuring monitoring and raising awareness.** Civil society has a key role in raising awareness among the public and increasing public pressure for action – including by mobilising citizens in participatory monitoring. By strengthening institutional accountability and, thus, supporting good governance, informal citizens' groups and established civil society make governments more responsive to society's demands.

**Providing services and knowledge sharing.** Civil society provides a variety of social services, particularly to disadvantaged and vulnerable people negatively affected by the transition process. Furthermore, civil society stakeholders provide important perspectives on and suggest innovative approaches to local problems through their local knowledge, insights and technical expertise.

**Exploiting the advantages of stronger civil society engagement.** The strength and vibrancy of civil society is an important factor in explaining the pace and resilience of transition reforms. However, certain factors can hinder civil society's ability to make a prolonged and effective contribution to transition, for example, a lack of funding opportunities for civil society, constrained overall operating environments and complex relationships with local governments. Despite the challenges, however, there is strong potential for both traditional and new civil society actors to influence social change, improve policymaking through evidence-based and policy-relevant knowledge, and provide a variety of social services.

Greater civil society engagement has the potential to build a future that works for everyone in the EBRD regions and to contribute to national transitions to democracy and sustainable markets.

**Ensuring key stakeholders buy into the Bank's work.** To re-energise transition, the EBRD recognises that it needs to reach beyond its investment projects to encourage broader change. Crucially, any reform efforts by the EBRD and the governments in the regions where it operates to build well-functioning transition economies need to be understood, accepted and owned by local communities. This buy-in ensures that the reforms are resilient, sustained and not abandoned or reversed.

Consequently, it is essential for the EBRD to build deeper partnerships with civil society. In all of the Bank's investments, policy dialogue and projects aimed at benefiting society, civil society and local communities need to be centre stage, alongside state and market participants.

In this regard, through its new approach, the Bank aims to keep improving its tools and devising new ones for outreach, dialogue, consultation, cooperation and partnerships to help civil society unlock its potential and, thus, contribute to re-energising transition and building broad support for economic reforms.

## 4. Progress under the EBRD's civil society engagement roadmap 2017-20

Over the years, the EBRD has periodically adapted its approach to civil society engagement in response to the way the Bank itself has changed to meet the challenges of transition economies. In December 2016, it created a roadmap to civil society engagement to describe the ways in which its engagement with civil society would be refreshed and reshaped to contribute to its strategic priority of re-energising transition in the 2017-20 period.<sup>18, 19</sup>

Under the roadmap, the Bank achieved several milestones in civil society engagement: (1) full operationalisation of the CSCEF, (2) enhanced internal collaboration between the Civil Society Engagement (CSE) and Banking teams, and (3) the introduction of partnerships as a meaningful mechanism for civil society engagement.

**Full operationalisation of the CSCEF.** The roadmap refined and refreshed the Bank's engagement with civil society by strengthening the EBRD's institutional transparency and accountability, supporting good governance, fostering economic inclusion and promoting sustainable energy and resources. These priorities helped to define three initial thematic areas of intervention for the CSCEF:

- good governance and transparency
- economic inclusion
- sustainable energy and resources.

Furthermore, in 2020, to build the resilience of local communities and response mechanisms to Covid-19, the Bank incorporated digital transition as a new thematic area into the CSCEF and adopted partnerships with civil society as a mechanism for engagement. Overall, the key objective of the CSCEF is to enhance the capacity of local and national civil society actors for the purposes of awareness raising and skills transfer to target beneficiaries among the public. The CSCEF also helps foster the capacity of civil society to conduct effective oversight in the context of good governance.

The CSCEF mainly uses the EBRD's technical cooperation funds to provide training and support to promote civil society stakeholders' technical knowledge, outreach and project management skills, governance and organisational capacity, but also their access to finance and business acumen when it comes to social economy. Civil society enhancement projects are not implemented on a standalone basis and are designed to be intricately linked to EBRD-financed investments or policy engagement activities that largely support the development of the private and municipal sectors.

During the roadmap implementation period from 2017 to 2020, the CSE team completed 31 technical cooperation projects worth a total of €7 million.<sup>20</sup> Overall, more than 13,768 stakeholders and 661 civil society actors benefited from the roadmap during that period.

In 2020, as the world struggled to address the global pandemic of Covid-19, the EBRD leveraged the CSCEF to respond to the crisis and support civil society across its investee economies. To tackle some of the challenges posed by the pandemic, the CSE team hosted more than 20 country-specific consultations with civil society stakeholders to learn how the Bank could help local communities to overcome the crisis. Based on these consultations, the Bank developed new initiatives to support civil society during the pandemic, for example, by building the digital capacity of civil society actors. Testament to the importance of civil society in responding to this crisis and beyond, since 2020, the Bank has more than tripled the number of regular consultation meetings between the EBRD President and CSO representatives. For example, in 2021, the President held 10 consultation meetings with CSOs, compared with three in 2019 and one in 2018. The upward trend continued in 2022, with the CSE team organising 12 meetings between the EBRD President and CSOs. The level of engagement between the Board of Directors and CSOs remained constant over these years.

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<sup>18</sup> See EBRD (2016).

<sup>19</sup> See EBRD (2015).

<sup>20</sup> A technical cooperation or technical assistance project is an activity funded by donors on a non-reimbursable basis. Such activities can

support the preparation or implementation of investments or non-transactional interventions, such as: policy dialogue, institution building, capacity building or training, legal and regulatory reform, research and analysis, or other forms of assistance.

**Positive feedback from civil society on the Bank's overall engagement with the civic space.** In April 2022, the EBRD conducted a survey of CSOs to collect feedback on the Bank's civil society engagement. In total, 170 CSOs participated and highlighted the following key points on the EBRD's collaboration with the civic space:

- The EBRD's CSCEF is a successful engagement mechanism that responds to the needs of civil society, the Bank and its clients.
- Collaboration at project level is the most impactful form of engagement, generating a feeling of achievement and shared values.
- The Bank's active consideration of the views of civil society helps to build trust. More than 70 per cent of survey respondents said the EBRD's active consideration and response to feedback from civil society was crucial to effective civil society engagement.
- The EBRD's Annual Meeting and open dialogue on project grievances are powerful "trust enhancers", particularly compared with the more restrictive set-ups of some MDBs. EBRD senior management's involvement in and contribution to continued dialogue with civil society is also highly valued.<sup>21</sup>

**Enhancement of internal collaboration between the CSE and other Bank teams.** During the roadmap implementation period, the CSE team promoted the coordination of its work and activities with other teams across the Bank, namely, the Environment and Sustainability Department and Access to Information Policy teams. Together with these colleagues, the CSE team developed and introduced internal processes and organised meetings on a regular basis to address requests for information and the concerns of civil society. In addition, the CSE team supported the work of the newly established IPAM to ensure the EBRD's accountability on projects.

**Introduction of partnerships as a meaningful mechanism for civil society engagement.** The roadmap promoted partnerships with multiple civil society stakeholders. More specifically, in 2019, the EBRD signed its first memoranda of understanding with big INGOs: Save the Children, Oxfam and the Open Contracting Partnership. The Bank remains committed to exploring further partnership opportunities with civil society in its regions.

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<sup>21</sup> Partnerships became a mechanism of engagement with civil society from 2019.



## 5. The EBRD's approach to civil society engagement

### 5.1. Strategic objectives and implementation actions

This document outlines the EBRD's aim to work on transforming its approach to civil society engagement from risk mitigation to impact generation by (1) enhancing the CSCEF, (2) improving internal processes and (3) advancing key engagement mechanisms and partnerships with civil society, public- and private-sector entities, and the international development community.

Within the context of the current organisational setting and current resources, the key strategic objectives of the new approach for 2024-29 are:

- Strategic objective 1: Supporting and engaging with civil society through meaningful mechanisms
- Strategic objective 2: Responding to global crises where they affect the EBRD regions through civil society collaboration
- Strategic objective 3: Developing the safety and openness of the civic space
- Strategic objective 4: Strengthening the EBRD's internal incentives for civil society engagement, effectiveness and accountability.

#### 5.1.1 Strategic objective 1: Supporting and engaging with civil society through meaningful mechanisms

Civil society is an influential audience and partner of the EBRD. It makes valuable contributions to the development of the Bank's policies and strategies and the implementation of investment projects. Over the past 30 years, CSOs have emerged as a meaningful force in international development, as expert service providers in their field.<sup>22</sup> In addition, the 2030 Agenda clearly stipulates the need to mobilise CSOs to implement the SDGs.<sup>23, 24</sup>

Nevertheless, civil society needs capacity-building support. It is essential to explore opportunities to further strengthen collaboration between the Bank and civil society and to create innovative approaches through which civil society representatives and grassroots communities can collaborate directly with national and international stakeholders.

The EBRD will aim to support and engage with civil society through meaningful mechanisms, leading to more impactful and effective cooperation between the Bank

and the civic space. This objective will be delivered through the following actions:

- **Utilising the CSCEF to further strengthen CSOs.** The Bank will scope out new transactional and non-transactional projects through which to collaborate with civil society as implementing partners in order to enhance their capacity. Furthermore, the EBRD will explore opportunities to expand the scope and geography of current capacity-building initiatives with civil society.
- **Engaging civil society actors as experts and implementation partners.** Civil society possesses valuable knowledge and expertise that could be beneficial to stakeholders. While opening channels for such collaboration, the EBRD will also focus on raising the capacity of civil society to act as advisers and local consultants.
- **Building partnerships to promote stronger engagement with civil society.** The Bank will expand and use existing partnerships with national and international partners to collaborate with a greater number of local civil society and grassroots movements.
- **Progressing the work of the EBRD Civil Society Steering Committee to advance collaboration with civil society representatives and Bank INGO partners.** The committee enables a two-way information exchange between the Bank, participating organisations and the civic space more broadly, continuing to expand the EBRD's civil society outreach. Furthermore, the Civil Society Steering Committee is a platform for collaboration and helps (1) to prepare the Civil Society Programme at EBRD Annual Meetings, (2) to support consultation processes for EBRD institutional documents, country and sector strategies, and (3) to provide a safe space for the discussion of civil society concerns.
- **Expanding the Bank's outreach and information exchange with civil society.** Apart from the EBRD CSO newsletter and postings on the web and social media, the Bank will start organising virtual, in-person and hybrid webinars as an additional outreach tool. The webinars will be aimed at (1) familiarising local communities with the work of the EBRD and (2) discussing opportunities for joint initiatives to deliver transition impact.

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<sup>22</sup> See World Bank (2022b).

<sup>23</sup> See United Nations (2015).

- **Enhancing civil society's participation in EBRD flagship events and initiatives.** The EBRD will aim to increase the number of civil society representatives participating in its events and activities.

### 5.1.2 Strategic objective 2: Responding to global crises where they affect the EBRD regions through civil society engagement

The Bank will aim to actively engage with civil society and mobilise its resources to address current and future crises. A concrete approach to mitigating such crises and the potential scope of support will be determined on a case-by-case basis, depending on evolving needs on the ground and available tools and engagement mechanisms. These will include:

- **Supporting civil society in addressing the impacts of the crises:**
  - **Promoting knowledge sharing and information exchange.** The CSE team will establish and maintain close collaboration with the key representatives of the affected country's civil society to ensure that two-way communication between the Bank and the country's civic space continues. This will help the EBRD to provide locally informed support to CSOs to address their changing and complex needs. Furthermore, the CSE team will use established communications channels to ensure that Bank management has access to up-to-date information from civil society experts on disruptions to supply chains, food and energy security, and so on. This accurate information will facilitate the EBRD's banking operations and tailor its programmes and projects to evolving needs on the ground.
  - **Promoting partnerships with civil society.** The CSE team will engage with local CSOs to explore the possibility of forging new and strengthening established partnerships with civil society and the public and private sectors. The Bank will leverage its extensive network of contacts and expertise in public-private partnership management to help civil society representatives in the affected country be better engaged in meaningful partnerships at the national and regional level and with other development partners (MDBs, the United Nations, philanthropies, foundations and so on), donors and the private sector.

- **Increasing community participation in post-disaster recovery and reconstruction by:**
  - creating mechanisms for effective community engagement and collective decision-making
  - increasing community understanding of regulations on building, planning and transforming urban areas
  - enhancing the readiness and capacity of local community organisations as regards public participation
  - prioritising the needs of victims through closer alignment between government policies and assistance programmes.
- **Supporting civil society in tackling the economic and social inclusion of refugees, internally displaced persons (IDPs) and war veterans.** In those countries affected by the forced displacement of people, the EBRD will support initiatives focused on promoting economic opportunities and the social inclusion of refugees and IDPs by:
  - **Advancing project initiatives targeting forcibly displaced people.** By mobilising available Bank resources (CSCEF, donor funds and so on), the CSE team will aim to design and implement joint projects with civil society focused on fostering the economic and social inclusion of refugees and IDPs, as well as the integration of war veterans into the workforce. More specifically, the social inclusion of refugees, IDPs and war veterans in respective countries will be promoted by projects to facilitate access to specialised services (legal, administrative, psychological and so on), while the economic inclusion support component will focus on direct employment and entrepreneurship opportunities for these categories.
  - **Engaging with teams across the Bank.** The CSE team will actively cooperate with teams across the Bank (for example, Banking, Gender and Economic Inclusion, and Environment and Sustainability) to explore opportunities and build synergies for joint initiatives with civil society.

- **Creating open, transparent and competitive public procurement processes by:**
  - supporting public procurement reforms and a regulatory framework that delivers value for money in the use of public funds
  - engaging with civil society on public procurement reforms and supporting the use of open data
  - integrating an open contracting approach to public procurement reform strategy and design
  - supporting central and local governments in implementing open contracting data standards.

### 5.1.3 Strategic objective 3: Developing the safety and openness of the civic space

Civil society and the civic space more generally are key enablers of open government reform.<sup>25</sup> As such, they are often also a target of malpractice by vested interests and corrupt stakeholders.

Thus, to achieve the Bank's mandate, the EBRD will continue to promote a safe and open civic space across its regions by:

- **Fostering EBRD consultation mechanisms with civil society.** The Bank will explore ways to make online and in-person consultations more secure to ensure a safe space for civil society, individual activists and human rights defenders.
- **Raising awareness of civil society through EBRD internal and external reporting means.** Apart from the Bank's Access to Information Implementation Report and Sustainability Report, the Bank will gradually incorporate more highlights of civil society engagement into other flagship reports. Thus, the EBRD will aim to better feature the impact of its projects across civil society.
- **Fostering cooperation with MDBs to support civil society.** The MDBs and IFIs are key partners of the Bank in terms of delivering sustainable and inclusive transition and promoting and protecting the civic space. The EBRD will continue its cooperation with sister MDBs and IFIs to jointly advocate for a safe space for civic consultations and engagement.

### 5.1.4 Strategic objective 4: Strengthening the EBRD's internal incentives for civil society engagement, effectiveness and accountability.

The Bank will improve its internal processes and capitalise on the most effective ways of partnering with civil society and addressing the most crucial barriers to civil society engagement. To this end, the EBRD will intensify internal communications channels and outreach to increase awareness of the importance of civil society and civil society engagement.

To focus the Bank's civil society engagement on impact-generating activities, the EBRD needs to promote the capacity of civil society at institutional level and foster incentives for civil society engagement. In the next period, the EBRD will aim to enhance civil society engagement across its operations, from investment projects and policy activities to engagement guidelines, operating manuals and staff training. This commitment will be achieved through the following activities:

- **Developing guidance on the Bank's mechanisms for civil society engagement.** The guidance will serve as a reference for EBRD staff and civil society on how to effectively and meaningfully engage with each other. The guidance will include the processes and procedures for (1) facilitating meetings between civil society and the EBRD President, Board of Directors and staff, (2) ensuring the safety of civil society and protecting it against retaliation, (3) managing complaints and requests from civil society, (4) ensuring inclusive and accessible consultations, (5) managing the EBRD's CSCEF and strategic partnerships with civil society.
- **Engaging civil society in the Bank's country and sector strategies and banking operations.** Besides the ongoing process of civil society consultations as part of its country strategy visits, the Bank will consider introducing a pre-consultation public commenting period, when civil society can share written feedback on the previous strategy. This would allow the Bank to take these comments on board in developing a new strategy.
- **Promoting the engagement of civil society in providing consulting and expert advice.** Civil society tends to lack experience in preparing proposals and participating in bidding to deliver consulting and expert services. The EBRD will aim to make the Bank's procurement mechanisms more CSO friendly by advertising business opportunities to civil society and ensuring that CSOs have the resources and information necessary to participate in bidding processes. The Bank will consider reviewing its

<sup>25</sup> Open government strategies and initiatives are based on the principles of transparency, integrity, accountability and stakeholder participation.



procurement mechanisms and processes to make civil society project collaboration with the EBRD easier. The Bank will also consider developing civil society guidance on its procurement mechanisms. The CSE team will map and create a database of the CSOs that have worked as implementation partners on Bank projects and have a good track record. This way, the CSOs' expertise will be readily available to the EBRD teams.

- **Developing the EBRD's institutional capacity in civil society and stakeholder engagement.** It is crucial to enhance the Bank's civil society awareness and engagement capacity across its internal operations. The Bank will consider mobilising senior sponsors from relevant teams, designing and delivering staff training, workshops and capacity-building activities to ensure the effective engagement of civil society.

The new EBRD approach to civil society engagement and its associated strategic objectives will remain valid when supporting a limited and incremental expansion of EBRD operations to sub-Saharan African countries and Iraq in future.

## 5.2. Building partnerships for delivery and impact

Creating impactful partnerships with CSOs, INGOs, MDBs and IFIs, the private sector and donors will be essential to achieving sustainable and inclusive results from the Bank's initiatives in the economies where it operates.

**Partnerships with MDBs and IFIs.** MDBs and IFIs are key partners of the Bank in delivering sustainable and inclusive transition and promoting civil society engagement. The Bank is currently an active member of a working group of MDBs/IFIs focused on raising awareness of civil society and strengthening its capacity.

In February 2021, the EBRD co-organised a two-day cross-MDB workshop aimed at raising staff capacity in and awareness of civil society engagement. During the workshop, each organisation presented its strategic approach to civil society, along with innovative ideas and best practices on capacity building for CSOs.

The EBRD will continue to explore and lead initiatives with other MDBs to advance civil society engagement.

**Strategic partnerships with civil society and INGOs.** The EBRD will continue to partner strategically with CSOs and INGOs to deliver high-impact projects in the economies where the Bank invests.

Since 2019, the Bank has established a number of formal partnerships with INGOs in the form of

memoranda of understanding, notably with Save the Children, the Open Contracting Partnership and Oxfam. These partnerships help to define a strategic framework of cooperation to promote joint initiatives to capacitate CSOs in the economies where the Bank operates.

The EBRD will explore other partnership opportunities with INGOs and CSOs in the following fields of interest:

- policy and advocacy
- capacity building
- operational collaborations
- knowledge and best-practice sharing.

**Partnerships with the private sector.** The EBRD, together with other development finance institutions, plays a vital role in financing for development, mobilising donor and investor support, and promoting economic development in emerging and frontier markets. Within this community, there is an emerging consensus around key priorities for the development agenda: greening economies, creating jobs, investing in infrastructure and ensuring inclusive and broad-based growth. Private-sector development and leveraging private-sector finance from both corporate and philanthropic actors will be crucial to addressing global development challenges and advancing the SDGs.

In addition, impact investing challenges the long-held views that social and environmental issues should be addressed only by philanthropic donations and that market investments should focus exclusively on achieving financial returns. The impact investing market offers diverse and viable opportunities for investors to advance social and environmental solutions through investments that also produce financial returns.<sup>26</sup>

Partnering with like-minded private-sector companies, foundations and philanthropies on promoting civil society will be critical in the next implementation period of the approach.

**Engagement with donors.** Donor funding will remain essential to the continuation of the EBRD's work on civil society engagement. In the short term, the Bank will continue to leverage the usual means of funding available to it and conduct additional outreach to relevant multilateral, bilateral, private-sector and philanthropic donor funds. In the long term, the EBRD aims to transform the CSCEF into a centralised fund within the Bank, through which it will streamline and fund activities related to civil society engagement and stakeholder participation. This approach will serve as a platform for further engagement with current and future donors, including the private sector and philanthropies.

<sup>26</sup> See GIIN (n.d.).

## 6. The way forward

### 6.1. Long-term vision

#### **Transforming the EBRD's approach to civil society engagement from risk mitigation to impact generation.**

The Bank's strategic themes of (1) supporting the transition to a green economy, (2) promoting equality of opportunity and (3) accelerating the digital transition require the EBRD to introduce community engagement initiatives at the nexus of its green, inclusion and digital work. Targeted implementation activities will aim to improve the Bank's processes and systems and introduce new tools to support the enhancement of its civil society engagement by building on its existing structures and capabilities. The adoption of an impact-oriented approach, with the restructuring of the Vice Presidency Policy and Partnerships and the establishment of an Impact and Partnership department, into which the CSE team is integrated, also creates a practical foundation for transforming the Bank's approach to civil society engagement from risk mitigation to impact generation. Continuous and meaningful collaboration with the people in its regions, whose lives the EBRD works to change for the better, will be crucial to achieving the desired outcomes.

#### **Making the approach to civil society engagement a living document.**

The implementation modalities of this approach will be reviewed periodically to ensure that the strategic plan is well integrated into the Bank's operations. By reviewing priorities, key metrics and progress on strategic targets, the EBRD aims to adapt its operational delivery in the civil society space to the rapidly changing realities on the ground and to strive for consistent integration of civil society engagement across its operations and strategies.

### 6.2 Conclusion

Civil society engagement is strategically important to generating development impact and the EBRD needs to strengthen it in its operations. Civil society is an entry point for better and more inclusive investment and more effective political transition. Therefore, civil society actors need to be considered essential enablers of the EBRD's mandate. Thanks to its transition-driven business model, impact and partnership focus, and political mandate, the Bank is uniquely positioned to enhance community engagement and become best in class. This approach paper is designed as a compass to guide the Bank and its personnel towards an ambitious civil society engagement agenda and mutually beneficial cooperation, despite the uncertainties of our turbulent world.

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## Annex 1. Civil society engagement case studies 2017-20

This section expands on the four thematic areas of the CSCEF and outlines the key impacts and results delivered, illustrated by case studies from technical cooperation projects implemented in 2017-20.

**Thematic pillar 1: Sustainable energy and resources.** To contribute to its investment and policy dialogue efforts to deliver climate action and environmentally sound and sustainable transition,<sup>27</sup> the EBRD builds the capacity of local civil society to promote residential energy efficiency, climate resilience, sustainable transport and related issues in the context of the Bank's Green Economy Transition (GET) approach. In addition, the EBRD actively cooperates with international climate finance partners, such as the Global Environment Facility, the Climate Investment Funds and the Green Climate Fund, all of which consider civil society engagement an important aspect of green finance.

In the framework of this thematic pillar, the Bank has successfully managed several projects:

- **Promoting safe and sustainable roads in Tajikistan (2017-18).** Tajikistan boasted a significant road casualty rate, with an estimated 18.8 fatalities per 100,000 people, a high level by global standards. One of the reasons for this was believed to be the low proportion of people wearing seatbelts (5 per cent). Furthermore, when it came to the environmental sustainability of Tajikistan's transport sector, an overall increase of more than 80 per cent in CO<sub>2</sub> emissions by 2030 was projected at expected levels of economic growth if no policy and behavioural changes were made to driving style, among other things.

To help address these challenges, the EBRD invested US\$ 62.5 million to rehabilitate and upgrade a section of a road linking Dushanbe with the Uzbek border. In this context, the EBRD committed to promoting safe and sustainable transport in collaboration with the Asian Development Bank and as part of the Central Asia Regional Economic Cooperation Programme Road Safety Strategy (2017-30). The EBRD worked with a UK-based CSO, the Eastern Alliance for Safe and Sustainable Transport, and a national CSO, the Young Generation of Tajikistan, to implement a media campaign aimed at raising awareness of the importance of wearing seatbelts and the benefits of eco-driving, focusing on young people in Dushanbe. The media campaign, awareness-raising events and

multi-stakeholder workshops were delivered in cooperation with the traffic police and civil society in Dushanbe.

- **Fostering safe and sustainable rail transport in Albania (2018-22).** Achieving the sustainable and safe use of public transport is a key challenge for Albania. As far as rail transport is concerned, for example, the use of unauthorised rail crossings has a significant impact on safety and efficiency. Albania has also seen a significant increase in the volume of road traffic since the early 1990s, causing traffic congestion, CO<sub>2</sub> emissions and air pollution, as well as significant safety concerns.

To address this challenge, the Bank invested €36.9 million in Albanian Railways to upgrade the Tirana-Durres railway section. The investment also included new track fencing to prevent unauthorised crossing and other measures to increase safety, reduce delays and increase the efficiency of passenger and freight railway traffic, thereby boosting the expected benefits of the investment, such as decreased carbon emissions and air pollution. This project helped to increase civil society capacity and public awareness about the environmental, social and economic benefits of rail transport. It also informed local stakeholders about the safety risks and consequent improvements associated with changes to the Tirana-Durres railway line and the altered movement of trains, as well as legal provisions on railway trespassing. In particular, the project transferred skills to Albanian CSOs to enable them to effectively reach out to target citizen groups to promote behavioural changes for the greater and safer use of public transport.

### **Thematic pillar 2: Good governance and transparency.**

Poor governance, including a shortage of strong, effective institutions, a lack of integrity, and poor control over corruption and the rule of law, are critical impediments to developing well-functioning economies and societies in many countries where the EBRD invests. Civil society has a significant role to play in promoting good governance and transparency at a national and corporate level. In the context of the Bank's [Investment Climate and Governance Initiative](#), the EBRD has worked to enhance the capacity of governance CSOs, think tanks and business associations for oversight and integrity standard-setting and providing expert input into policymaking. The Bank has also strengthened the role of

<sup>27</sup> At the end of 2022, the EBRD became fully aligned with the goals of the Paris Agreement. CSOs actively contributed to the EBRD's Paris alignment methodology, with more than 280 participating in its consultation on alignment methodology for indirect finance. Read more

at <https://www.ebrd.com/news/2022/ebrd-passes-green-milestone-by-fully-aligning-with-paris-agreement.html>.

civil society in promoting citizen participation and facilitating multi-stakeholder dialogue. Specifically, the Bank has helped CSOs to promote anticorruption efforts, transparency in procurement, corporate governance and a better investment climate.

Under this thematic pillar, the Bank has successfully completed multiple projects:

- **Increasing civil society oversight of procurement in Ukraine (2016-18).** A poor investment climate and weak economic governance were core challenges to Ukraine's economic and political transition. The results of the EBRD's 2011 Public Procurement Legal Frameworks Assessment showed that Ukraine's public procurement framework was poorly aligned with international standards and best practices when it came to both integrity and efficiency. Corruption was present in all stages of public procurement, from the development of tender documents to the signing of contracts and their implementation, resulting in significant financial losses.

To address this challenge and increase transparency and good governance, in 2014, the EBRD engaged with the government of Ukraine through a memorandum of understanding on an anti-corruption initiative to act as a bedrock for the development of Investment Climate and Governance Initiative activities in the country. On the public procurement front, the EBRD supported the Ministry of Economic Development and Trade of Ukraine, which collaborated with Transparency International Ukraine, on implementing the Prozorro Project – an online procurement system designed to enable transparent procurement. Under this project, civil society was instrumental in advancing the process of Ukraine's democratic transformation by decreasing corruption. The initiative ensured that the electronic procurement procedures in Prozorro, mandatory since January 2016, were appropriately monitored and that public, civil society and law enforcement agencies had access to independent and reliable information on public procurement.

- **Tackling corruption in the Western Balkans (2017-19).** Corruption is regarded as one of the biggest challenges to the economic and political transition of countries in the Western Balkans, hindering economic development and the EU accession process. Under the Investment Climate and Governance Initiative, the EBRD signed memoranda of understanding with the authorities in Albania, Serbia, and Bosnia and Herzegovina to tackle problems related to corruption and weaknesses in the business climate, as well as to promote policy reform dialogue in the areas of investment climate and economic governance.

The Bank partnered with the United Nations Office on Drugs and Crime to develop a technical cooperation project to improve governance and the investment climate in the Western Balkans by enhancing the capacity of civil society to provide oversight services and establishing partnerships with the private sector on anti-corruption and corporate governance. The project enhanced the role of private-sector development organisations (such as business associations and chambers of commerce) in promoting sound corporate governance and disseminating integrity standards among their business members. In total, more than 130 stakeholders benefited from the project. Due to its success, in 2020-22, the project was scaled up and expanded to countries in Central Asia. Currently, the initiative is ongoing in the Caucasus region.

### **Thematic pillar 3: Gender and economic inclusion.**

Growing youth unemployment, low levels of female participation in the workforce and differences in regional economic performance in some economies where the EBRD invests impede economic development. The EBRD considers economic inclusion – unlocking economic opportunities for women, youth, people in rural areas and other previously underrepresented social groups – integral to overall economic development. Economic inclusion also addresses the business needs of many EBRD clients who are increasingly looking to tap underused human resources and access underserved market segments.

As part of the Bank's efforts to promote economic inclusion and gender equality, the EBRD supports civil society stakeholders in promoting work-based learning initiatives, participatory resource management, social entrepreneurship and other aspects of transition and development. Thus, the Bank enhances economic opportunities for disadvantaged groups while also considering gender equality issues.



Under this thematic pillar, the EBRD implemented the following projects:

- **Supporting quality employment in the Jordanian restaurant industry (2019-22).** Syrian refugees, young people and women are often excluded from Jordan's labour market. These exclusions are in part due to difficulties in obtaining labour permits for refugees, skills mismatches among young people, and women's childcare commitments. National and international efforts to promote the participation of refugees, youth and women in the labour market mostly focused on creating jobs in construction, manufacturing and agriculture.

To address this challenge, the Bank undertook a technical cooperation project to (1) enhance the capacity of the local business association, the Jordan Restaurant Association (JRA), (2) raise awareness about employment in the industry and enhance its capacity to support quality jobs, and (3) match jobseekers in the target groups (refugees, youth, women) with available employment opportunities in the food and drink sectors. The project provided dedicated training courses and online advice to both jobseekers and prospective employers. The participation of the JRA, the Ministry of Labour, the Ministry of Tourism and Antiquities, and various tourism associations in the project ensured its success. The achievements of this project with regard to refugee inclusion and integration led to the replication of the initiative under the Resilience and Livelihoods framework to support Ukrainian refugees.

- **Capacity-building project for the Turkish automotive sector association to support women's economic inclusion (phase 1, 2020 – ongoing).** In light of growing global awareness of women's empowerment and concerns about women's economic participation due to the Covid-19 pandemic, the automotive manufacturing sector has started to take global action to promote gender diversity. As part of a project framework, the EBRD facilitated a strategic partnership with the Automotive Suppliers Association of Türkiye (TAYSAD), aiming to (1) increase TAYSAD's gender sensitivity to support its members, most of which are small and medium-sized enterprises, and (2) contribute to the EBRD's wider efforts to advance gender equality and inclusive entrepreneurship. The initiative will enable the selected TAYSAD members to foster their commitment to women's economic inclusion.

**Thematic pillar 4: Digital transition.** Although not specifically included in the earlier civil society engagement roadmap, digital advancement was a theme on which the EBRD wanted to engage with civil society. At the beginning of 2020, the Bank held more than 20 civil society consultations to identify specific areas where the EBRD could support the resilience and capacity building of civil society and affected communities during Covid-19. During these consultations, support for the digital transformation of civil society was identified as a critical intervention area. Therefore, in early 2020, the digital transition was added as a distinct thematic pillar under the CSCEF.

In late 2020, the CSE team launched the Digital Transformation of Civil Society Programme, which became one of the first technical cooperation projects on digital transition delivered by the Bank.

Furthermore, under this thematic pillar, the Bank designed and implemented the following projects:

- **Improving water conservation and public health in Kafr El-Sheikh, Egypt (2017-19).** Regional inclusion challenges are sizeable in Egypt, particularly in relation to access to quality water and wastewater services, with resulting health challenges and reduced economic opportunities for affected communities. Water conservation is another major challenge, with strong population growth and rapid urbanisation leading to increased demand for water.

The Bank invested €55 million in the Kafr El-Sheikh Wastewater Expansion Programme to supply sanitation for the first time to around 470,000 people in two districts of Desouk and Motorbas in the Kafr El-Sheikh governorate. As part of a technical cooperation project, the EBRD fostered the ability of the Egyptian Holding Company for Water and Wastewater (HCWW), its subsidiary in Kafr El-Sheikh and local civil society to reach out to a broader customer base to enhance sustainable water and wastewater management practices.

In addition to updating the HCWW citizen engagement strategy, the technical cooperation initiative supported awareness-raising activities among civil society in the districts where the pipeline was being built. The project also supported the development of the 125 mobile application. Egypt uses the app to disseminate knowledge to customers on sustainable water, sanitation and public health issues, as well as to improve overall communication flow between suppliers and end users. At the beginning of the Covid-19 pandemic, the client used this mobile app to enable remote payments and share information. This project received the inaugural EBRD Digital Oscar for a sustainable development project in 2021.

- **Supporting the digital transformation of CSOs in Türkiye (phase 1, 2020-22).** The Covid-19 pandemic put stress on governments and CSOs around the globe. Most civil society actors used the period of physical distancing to reflect on what changes were needed to their work and how it should be done. For certain organisations, this merely involved rethinking how they worked as an institution, as the nature of their interaction with beneficiaries needed to continue. Others, however, needed to develop a new or adapted approach that included both internal and external organisational processes.

To support civil society in its digital transformation during the pandemic, the CSE team created a pilot programme in Türkiye. The project strengthened the digital capacity of five local environmental CSOs. The participating organisations increased their digital resilience and started their digital transformation journeys. The project assessed the digital needs of the selected organisations, provided them with core funding and matched them with digital mentors. Under the project, CSOs developed tailor-made digital transformation strategies to address their specific needs. Overall, the project strengthened community resilience and promoted the sustainability of the civil society sector through digital transformation. Phase II of the project is currently under way.

© European Bank for Reconstruction and Development

Five Bank Street

London E14 4BG

United Kingdom

Website: [ebrd.com](http://ebrd.com)

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