



# The EBRD's Approach to Fragility

June 2026

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# Contents

President's foreword	2
Executive summary	3
Introduction	4
1. The EBRD's conceptual approach to fragility	5
1.1. Defining fragility	5
1.2. Key principles and structure of the EBRD's response to fragility	5
2. The EBRD's operating model	8
2.1. Leveraging strengths and comparative advantages	8
2.1.1. Addressing fragility through the Bank's transition impact mandate	8
2.1.2. The EBRD's unique delivery model as a driver of change in fragile settings	8
2.1.3. The EBRD's private-sector mandate is critical to enhancing resilience	11
2.2. Strengthening the EBRD's operational approach to fragility	13
2.2.1. Aligning with the EBRD's new strategic priorities and enablers	13
2.2.2. Sharpening the EBRD's operational approach to addressing fragility	16
Conclusion	18
Abbreviations and acronyms	19
References	20

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## President's foreword

The European Bank for Reconstruction and Development (EBRD) was created in the post-Cold War era, with a unique mission to support countries' transition to open, market-oriented economies and to foster private-sector development. Over time, our transition mandate has evolved, expanding both the scope and geographical spread of our work.

Today, the Bank is increasingly pursuing its mission in environments marked by persistent vulnerabilities, conflict and uncertainty. Fragility is no longer confined by borders; it is a growing, interconnected and complex reality affecting many of our investee economies. Whether driven by conflict, climate pressures, economic shocks or institutional weaknesses, fragility poses profound risks to development and to people's livelihoods. It also requires us to continue adapting how we operate, invest and partner.

The EBRD's approach to fragility reflects this evolving landscape. While our work remains firmly anchored in our private-sector mandate, we are scaling up our efforts to address the root causes of fragility. This means remaining engaged in environments with heightened risks, supporting essential services and critical infrastructure, strengthening institutions, and helping businesses withstand and recover from shocks. It also means continuing to take a long-term perspective, in the knowledge that building resilience is as important as delivering immediate results.

The events of recent years have underscored the importance of our distinctive approach. From supporting Ukraine's economy in the face of war to engaging in other regions affected by natural disasters, conflict and displacement, the EBRD has demonstrated its commitment to standing by its countries of operation in challenging times. As we look ahead, the importance of tackling fragility will only grow.

By combining investment with policy dialogue, institutional strengthening and capacity building, we aim to create the conditions for well-functioning economies. This integrated model allows us to help prevent and recover from crises, as well as to build longer-term stability and resilience.

Our most recent expansion, into sub-Saharan Africa and Iraq, will bring fresh opportunities to apply our experience and deploy our unique model. At the same time, our Strategic and Capital Framework will further embed resilience and fragility considerations at the heart of our operations. However, many of the challenges we seek to address go beyond what we can tackle alone and, therefore, require concerted efforts with other development partners and complementary humanitarian and peace-building support.

This publication sets out the EBRD's approach to fragility: what makes us uniquely placed to address it, how we are adapting to it and where we aim to have greater effect. By better understanding fragility and our unique role within it, we can enhance our effectiveness and maximise our impact.

I would like to thank our partners, the civil society organisations (CSOs), donors, shareholders and dedicated staff, whose commitment enables us to operate in some of the world's most challenging environments. Together, we will continue to support our regions in achieving greater resilience.

**Odile Renaud-Basso**

EBRD President

May 2026

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## Executive summary

Recent crises have shown how the nature of fragility is transforming rapidly, creating new risks and challenges. As the spillover effects of these crises recur and spread, it has become imperative for the EBRD to address fragility in order to achieve stability and long-term prosperity across its regions.

In line with its Strategic and Capital Framework (SCF) for 2026-30, the EBRD is proposing to formalise and consolidate its approach to fragility by setting out the conceptual framework in which it operates. It continues to hone its operational approach in the context of fragility, aware that its private-sector development role is crucial, but also requires complementary efforts and enhanced partnerships with other development organisations.

The Bank views fragility as a spectrum of vulnerabilities rather than a binary state – a dynamic process that can affect any of its regions at any time. Fragility can manifest in five dimensions – institutional, economic, environmental, social and cybersecurity – and reflect insufficient capacity to address, mitigate or reduce long-term pressures and sensitivity to shocks. Addressing it, therefore, requires an adaptive approach.

The EBRD's comprehensive business model and presence on the ground make the Bank uniquely placed and well equipped to address fragility through a combination of interventions that support its private-sector, sovereign and sub-sovereign partners in delivering more effective impact and achieving systemic change. It takes a two-pronged approach: responding swiftly to crises and helping regions to absorb and recover from shocks, while simultaneously fostering resilience to anticipate future crises and achieve transformative impact through investment, policy engagement and institution building,

Operating in areas of fragility is nothing new for the Bank. It has already adapted to new risks and expanded into new regions, and its extensive experience shows how its transition impact mandate remains relevant and suited to reducing fragility. The EBRD's case history highlights important features of its response to heightened vulnerability and recent crises in its regions, from agility, speed and flexibility to product innovation, risk-appetite adjustments, close client relationships, and strong partnerships with civil society, donors and other actors.

The EBRD's strategic processes and robust operating tools, including a wide range of assessment instruments, provide solutions tailored to specific drivers of fragility. The three priorities of the Bank's SCF for 2026-30<sup>1</sup> – advancing the green transition, promoting economic governance, and strengthening human capital and equality of opportunity for all – as well as its two strategic enablers – the digital transition and the mobilisation of private capital – are key channels in tackling the causes of fragility and fostering the necessary capacity to anticipate, adapt, withstand and recover from pressures and shocks, creating pathways for sustainable development across the EBRD regions.

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<sup>1</sup> See EBRD (2025a).

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# Introduction

Global uncertainty is rising and reshaping the development agenda. An increase in systemic vulnerabilities, widespread geopolitical tensions and conflicts, and growing environmental pressures have worsened fragility around the world in recent years. From wars to natural disasters, crises and their spillover effects are becoming more frequent and have come at a significant human cost, posing new challenges and heightening risks for all.

The EBRD was established in response to fragility, with a mandate to rebuild economies in the post-Cold War period. The Bank has since expanded its geographical reach and adapted its approach to address evolving vulnerabilities, including the global financial crisis, the Covid-19 pandemic, natural disasters, forced displacement and the ongoing conflicts in Ukraine and the Middle East, all of which have had a profound impact across the EBRD regions. Building on its long track record and sectoral expertise, the Bank's transition mandate is now more relevant than ever, setting it apart from others.

Fragility comes in various forms, and the Bank's approach is to respond swiftly to crises, helping regions to absorb and recover from shocks, while simultaneously fostering resilience through investment, policy engagement and institution building. For instance, vulnerabilities arising from energy security and affordability challenges, exacerbated by the conflicts in Ukraine and the Middle East, underscore the importance of the Bank's work on the energy transition. This is central to reducing countries' dependence on fossil fuels and energy imports, while simultaneously ensuring more secure and lower-cost supplies, with wider implications for the Bank's investee economies and their populations.

The EBRD's approach to fragility is designed to set out the conceptual framework of how the Bank views and works in the context of fragility, while strengthening its contribution to this important area of work through its distinct model. The Bank recognises that fragility can affect all of its regions and is multidimensional in nature, demonstrating that its operating model and transition-impact mandate put it in a unique position to address many of the drivers of fragility. The EBRD can deploy effective support for private clients and public institutions, including sovereign and sub-sovereign partners, with the dual objective of building the necessary capacity to tackle long-term pressures, while reinforcing resilience to withstand and respond to crises more effectively.

The EBRD's leadership role in private-sector development is critical, but it cannot tackle fragility on its own. It requires concerted efforts with other development organisations and enhanced partnerships with humanitarian and peace-building actors to address the full spectrum of fragility.

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# 1. The EBRD's conceptual approach to fragility

## 1.1. Defining fragility

The EBRD sees fragility as a confluence of vulnerabilities that reflect insufficient capacity to address, mitigate or reduce long-term pressures and sensitivity to shocks. It includes the inability to recover from and prevent crises.

In this context:

- **Long-term pressures** refer to systemic, structural issues or disturbances that weaken a given system, governance or communities (for example, environmental degradation or endemic corruption).
- **Vulnerability to the incidence and impact of shocks** arises from high exposure to endogenous or exogenous events that may occur rapidly or over a prolonged period of time. The EBRD focuses more specifically on the effects of covariate shocks, such as economic crises, natural disasters and conflicts.

**Vulnerabilities arising from long-term structural pressures and exposure to shocks are mutually reinforcing, underscoring the importance of the Bank's comprehensive fragility approach.** Long-term pressures, such as institutional weakness, economic vulnerability, depleted natural resources and social exclusion, can amplify the impact of crises, while repeated shocks can further entrench structural fragility, reinforcing vulnerabilities over time.

**The world's understanding of fragility has evolved, reflecting increasingly diverse risks and ever more frequent crises.**

Fragility is now considered a multidimensional and dynamic condition, rather than just a state's failure to perform core functions. Ever more attention is being paid to issues such as energy and digital security, social stability and cross-border spillover effects, such as forced displacement and the disruption of critical supply chains. Fragility takes many forms and is recognised as having regional or global implications beyond national borders, regardless of income level or economic development, as highlighted by the Covid-19 pandemic and other recent crises.

**In line with this approach, the Bank views fragility as a spectrum of vulnerabilities rather than a binary state and uses a multifaceted framework to assess and address key drivers.** Fragility can manifest in five dimensions: institutional, economic, social, environmental and cybersecurity. The Bank's approach and its operating tools allow it to identify the specific drivers of fragility in a given context to inform the design of interventions that take key elements into account, such as the stage of a crisis (ongoing conflict or post-conflict situation) and the extent of vulnerability through the level of exposure, its intensity, geographical scope and timescale. The EBRD targets vulnerabilities across the spectrum, recognising the dynamic nature of fragility and how a high degree of vulnerability in one or more dimensions requires significant and longer-term support.

Moreover, the five dimensions are interlinked, reinforcing how the EBRD's transition impact and operational model can act to deepen understanding of the factors that weaken systems and enable agile responses to evolving risks and stresses. For example, in terms of the economic dimension, the Bank works to address long-term drivers of fragility, such as structural issues in economies heavily reliant on a single commodity or sector, while building resilience to shocks including price volatility and supply-chain disruptions that can lead to economic downturns. Water scarcity, the absence of climate-resilient infrastructure and clean energy sources, coupled with energy insecurity, meanwhile, are among the long-term environmental pressures that leave regions more exposed to shocks, such as food crises, natural disasters and major disruptions to essential services, with potentially severe economic and social consequences. .

## 1.2. Key principles and structure of the EBRD's response to fragility

**EBRD interventions take a flexible and targeted approach to addressing fragility.** In a global context of high uncertainty and shifting risks, mechanisms underlying fragility can diminish, stabilise or be amplified. For instance, the Russian invasion of Ukraine and the conflict in the Middle East have created new vulnerabilities or pockets of fragility in neighbouring economies in terms of critical supply chains and energy security, underscoring the importance of the Bank's role in the energy transition. It is essential that the EBRD continue to approach fragility with flexibility, tailoring its solutions. This means leveraging its strong local presence and integrated business model to adapt swiftly to changing

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vulnerabilities, respond to immediate needs and tackle systemic issues that exacerbate fragility. To this end, the EBRD will harness its ability to deploy a comprehensive range of tools, including investments, blended finance, policy advice and capacity-building activities based on focused and robust assessments.

**The Bank will not assign its countries of operation a fragility status under this approach, as it considers fragility to be a dynamic process that can affect any region at any point in time, on any of the five dimensions of fragility and to varying degrees of intensity.** It will focus instead on forward-looking solutions and tailor its interventions to the specific nature of the fragility in question. The Bank recently reviewed its crisis response interventions and developed new operating principles to improve the effectiveness and rapidity of its support for its regions (see Box 1).

#### **Box 1. The EBRD's guiding principles for crisis response support**

Taking stock of and building on its extensive experience in supporting regions dealing with crisis, the Bank has developed a new set of dedicated operating principles to ensure the deployment of effective solutions in times of crisis:

- **Context-specific assessments.** The Bank must begin with a rapid but well-structured assessment of the nature of the shocks, impacts and spillover effects, ensuring responses are adequately tailored.
- **Appropriate tools and operating mechanisms.** The selection of instruments and operating mechanisms, with appropriate controls, adapted to the types of shock, is a critical element in designing appropriate and effective crisis response support.
- **Continuous lesson learning.** Past experience should inform future actions, and the Bank will incorporate lessons, feedback loops and data capture into the design of new crisis response support to refine responses over time and adapt to evolving circumstances.
- **Maintenance of standards and mission.** Throughout the support process, the Bank will continue to uphold its core standards of transition impact, sound banking and additionality, even when flexibility is required.
- **Coordination with other partners.** Partnerships with donors and stakeholders, and collaboration with other development partners remain key in dealing with crises to avoid the duplication of effort and to enhance efficiency and effectiveness.

**The Bank takes a unique two-pronged approach to fragility, combining immediate support and long-term resilience.**

Drawing on existing models of resilience<sup>2</sup> and its long track record, the EBRD views its response to fragility as supporting its regions in building the necessary capacity to both strengthen preparedness and respond to crises effectively. More specifically, the Bank's support for preparedness means helping its regions: (i) adapt to emerging or changing risks to create alternative pathways; (ii) be in a stronger position to anticipate potential shocks and design risk-informed mechanisms; and (iii) improve enabling conditions that can have a transformative impact and lead to systemic change.

**When crises erupt, the EBRD will continue to help build absorptive and recovery capacity that can address, mitigate or reduce the long-lasting effects of shocks and advance recovery to pre-crises levels.** It will continue to implement its dual fragility approach of supporting preparedness and crisis response in a flexible manner. However, the Bank recognises that, while it is well-equipped to address the key drivers of fragility through this approach, areas such as humanitarian, security and peace-building activities, or critical sectors in the context of fragility such as education, remain outside its remit and require broader, specialised collaboration with other types of development actor.

**The Bank's approach to fragility is embedded in its transition impact concept, which aims to foster open market economies characterised by six transition qualities: resilient, inclusive, well governed, green, competitive and integrated.**

While the "resilient" quality is largely linked directly to the concept of fragility, capturing the ability of economies to withstand shocks and to anticipate, prepare for and adapt to future disruptions, the other qualities are equally relevant in addressing the structural and long-term drivers of vulnerability. For instance, strengthening governance under the "well governed" quality enhances institutional capacity, transparency and accountability, thereby improving a country's ability to prepare for, manage and recover from shocks effectively and swiftly. Similarly, greater economic integration, as promoted under the "integrated" quality, can support more diversified and interconnected value chains, helping markets

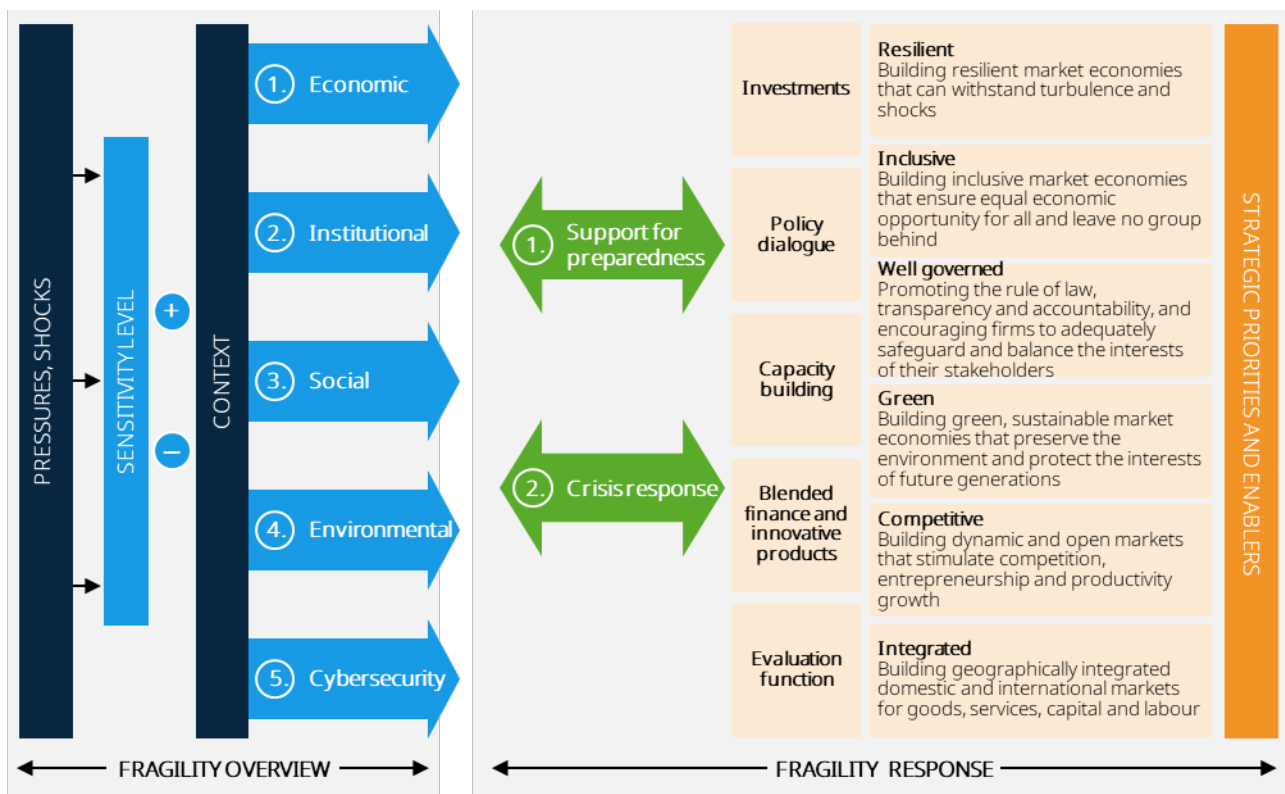
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<sup>2</sup> See Bén , Frankenberger and Nelson (2015).

and sectors remain functional in periods of stress. Taken together, the six transition qualities provide a comprehensive and mutually reinforcing framework through which the Bank addresses both immediate fragility risks and the underlying vulnerabilities that shape long-term resilience.

Figure 1 summarises the Bank’s approach to fragility, which responds to fragility drivers on five dimensions through its strategic objectives, integrated delivery model and two pillars of intervention.

Figure 1. The EBRD’s transition qualities underpin its approach to fragility



## 2. The EBRD's operating model

### 2.1. Leveraging strengths and comparative advantages

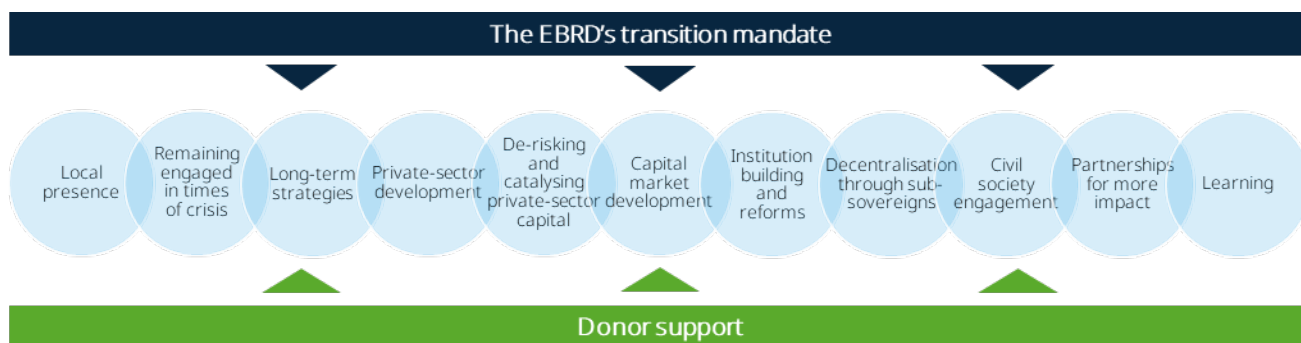
#### 2.1.1. Addressing fragility through the Bank's transition impact mandate

The EBRD's transition impact mandate has been tested over time and provides the operational foundation for reducing fragility across the five dimensions. Per Article 1 of the Agreement Establishing the EBRD, the Bank's interventions are designed to advance "the transition towards open market-oriented economies and [the promotion of] private and entrepreneurial initiative".<sup>3</sup> While the EBRD was established to assist with the rebuilding of economies in central and eastern Europe after the Cold War, its application of the transition concept has both evolved and broadened geographically since then. The Bank's expansion into new economies and regions over time – most recently Iraq and sub-Saharan Africa – has reinforced the need to not only adapt to emerging challenges and priorities, but also to view transition through a multidimensional lens. The Bank has incorporated new understandings of the role of the state and institutions in a market economy. It has fully embedded new dimensions of fragility into its strategic objectives, including environmental sustainability and a distinctive approach to addressing inequality of opportunity under its social dimension, while recognising the inherent overlap with institutional and economic objectives.

In adapting to new contexts and ever-changing risks, the Bank has further strengthened the operationalisation of its transition mandate to address barriers hindering the development of well-functioning and sustainable market economies, removing the underlying drivers of fragility. The six transition qualities foster and reinforce the Bank's core objective of building sustainable market economies, thereby helping to reduce vulnerabilities. Revisions being made to the Bank's methodology have strengthened that relationship, fostering greater understanding of how the Bank can support countries' ability to anticipate, withstand and recover from shocks, including by engaging in reconstruction efforts. For instance, the EBRD is targeting specific areas of vulnerability across the five dimensions of fragility through its "resilient" transition quality, from financial stability and climate-resilient essential services to food and cybersecurity. In addition, under the "inclusive" transition quality, the Bank will continue strengthening human capital and increasing access to economic opportunities while working closely with corporate clients, financial institutions and service providers to preserve livelihoods in times of crisis, including supporting displaced populations and host countries. Overall, the EBRD's transition impact framework continues to guide project selection by identifying vulnerabilities and transition priorities, thereby establishing the conditions necessary to reduce fragility.

#### 2.1.2. The EBRD's unique delivery model as a driver of change in fragile settings

Figure 2. Key features of the EBRD's distinct business model and value proposition



The Bank's track record and strong local presence enable it to tailor its operations to address long-term vulnerabilities while scaling up support in times of crisis, despite the elevated risks involved. With an extensive network of Resident Offices

<sup>3</sup> See EBRD (1990).

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across its regions and a significant portfolio, the EBRD has remained close to its beneficiaries, continuing to advance systemic change while remaining engaged when crisis hits. Over time, the Bank's model has proved effective in helping its countries of operation to swiftly manage shocks across all five dimensions of fragility. The Covid-19 pandemic and the devastating earthquakes in Türkiye and Morocco in recent years demonstrate the Bank's ability to deliver rapid and effective responses, while its continued support during the war in Ukraine highlights its sustained engagement in protracted crises. Events in the Middle East have also required rapid risk assessments, close engagement with clients and partners, and the design of tailored responses, again underscoring the Bank's readiness to help its regions pre-empt and withstand the negative effects of shocks, despite heightened risks. Sudden crises can be difficult to anticipate and the subsequent recovery can be hard to navigate or achieve, but significant progress can be made by strengthening operational readiness and response capacity. This includes establishing clear principles for crisis response interventions, and enhancing operational efficiencies and effectiveness through live programmatic approaches and longer-term strategies. This is well illustrated by the EBRD's recent conflict response to economies affected by events in the Middle East (see Box 2).

### **Box 2. Strengthening the Bank's readiness during the Middle East conflict**

In early April 2026, the EBRD announced its conflict response to support investee economies and clients affected by the conflict in the Middle East, as well as in neighbouring regions. The programme aims to anticipate and tackle the direct impacts of the conflict, as well as its spillover effects in the EBRD regions, while supporting effective recovery and long-term resilience.

As the crisis unfolds, the Bank is assessing the growing risks and challenges involved with a view to anticipating shocks and providing appropriate support to affected economies. To this end, the EBRD plans to deploy €5 billion in investment in 2026, including emergency support, policy dialogue and capacity-building activities, with a focus on Iraq, Jordan, Lebanon, and the West Bank and Gaza, as well as Armenia, Azerbaijan, Egypt and Türkiye. One of the EBRD's key priorities is to help those affected economies boost their energy resilience and security by advancing the green transition, and this will be reflected in the Bank's dual fragility response: to ease long-term pressures and minimise exposure to shocks. The energy transition is central to reducing dependence on energy imports, including the phase-out of fossil fuels. At the same time, the Bank aims to help ensure a continuous and secure energy supply in times of crisis. through the deployment of tools such as emergency liquidity support to energy companies.

Building on its polycrisis experience in recent years – the Covid-19 pandemic, the war on Ukraine, the earthquakes in Türkiye and Morocco, the Armenia refugee response and expanded support for the West Bank in 2023 – the EBRD remains committed to supporting its regions in withstanding crises, building resilient capacity and achieving systemic change.

**Applying a differentiated approach to fragility is anchored in the EBRD's delivery model.** The Bank remains well-equipped to tailor its operations to the specific nature of the fragility in question by leveraging a diverse range of assessment and strategic tools that are fully embedded in its transition impact framework. Country diagnostics, strategies and the assessment of transition qualities (ATQ) index are among the key instruments the Bank uses to assess the level of vulnerability across the five dimensions of fragility, to design interventions that target priority areas and critical gaps. The EBRD can also draw on complementary thematic products and processes that enhance its context-specific approach to fragility and ensure adequate support based on local needs and priorities. In addition, and through its risk management function, the EBRD integrates robust standards and practices to address environmental, social and integrity risks, with a particular emphasis on promoting human rights and social inclusion, including the protection of vulnerable populations in times of war. Box 3 shows how the Bank applies its differentiated approach to the most fragile contexts.

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### Box 3. The EBRD's differentiated approach to addressing pressures in the most fragile settings

When economies present high or chronic vulnerability in all dimensions of fragility, including a persistent inability to recover from and prevent crises, critical and significant support is needed to build greater resilience and reduce that fragility. Taking a differentiated approach to such challenging situations is crucial, as the Bank matches the type and degree of fragility in question with appropriate instruments, from blended finance to systemic reform, while ensuring that interventions are not only responsive but also sustainable. It does this by laying the groundwork for stronger institutions and stability through policy dialogue. Embedding long-term institutional building into major investments is key to enhancing preparedness and resilience.

The social dimension is also a critical focus for the EBRD in settings where degrees of fragility are high. Improving livelihoods and unlocking economic opportunities are key aspects of the EBRD's delivery model, for example, working to support the growth of MSMEs and to create the necessary conditions for the economy to flourish. This can be enabled through human capital development, a priority of the Bank's SCF 2026-30, by promoting inclusion and access to economic opportunities through tailored skilling or upskilling to meet local needs. This includes support in times of crisis, for instance, integrating veterans into the labour market during the war in Ukraine and addressing long-term pressures related to human capital gaps in economies affected by high outmigration of youth, such as in the southern and eastern Mediterranean region and the Western Balkans (see subsection 2.2 for more detail on the SCF).

As part of this process, stakeholder engagement, including the involvement of civil society and coordination with other partners in the humanitarian space, remains key in enabling the Bank to amplify and broaden its impact.

**Critically, donor support enables the EBRD to deploy its integrated delivery model flexibly and drive change across the five dimensions of fragility.** Donor engagement plays an indispensable role in enabling the Bank to deliver tailored and effective support across its regions. By leveraging donor support, its integrated delivery model can offer a comprehensive set of instruments, ranging from innovative financing solutions to policy dialogue and capacity-building initiatives. These tools allow the Bank to prioritise critical gaps more effectively and maximise impact across the five dimensions of fragility. For instance, the Bank has established dedicated donor vehicles, such as the Crisis Response Special Fund, to pool resources and enable swift and structured allocations within its operational workplan to target key drivers of fragility, such as food insecurity, energy shortages and the disruption of essential services.

**In addition, the multi-agency Humanitarian Development Peace Nexus is creating overlaps where protracted crises evolve from humanitarian challenges into long-term development needs, prompting interest in blended and sustainable financing.** As a response, the EBRD has been able to leverage donor support for medium-term initiatives to respond to the Syrian refugee crisis and to conduct critical repairs to Ukraine's Chernobyl Nuclear Power Plant following Russian attacks (see Box 4 for more detail). Recognising the critical importance of these initiatives, the Bank is also mindful of the growing scarcity of donor resources (and that fragility can also affect donor countries). Accordingly, it is adapting by carefully assessing and channelling available funds to those areas of greatest impact and additionality.

### Box 4. The critical role of donors in the EBRD's management of Ukraine's nuclear legacy amid Russia's recent attacks on Chernobyl

Nuclear safety failures have far-reaching and long-lasting consequences across several dimensions of fragility, affecting public health, ecosystems, economies and governance systems for decades, as the world witnessed with the 1986 Chernobyl disaster.

The EBRD has been addressing Ukraine's nuclear legacy since 1995 and continues to play an active and leading role during the ongoing conflict. Since Russia's full-scale invasion of the country in February 2022 and its brief occupation of Chernobyl, there has been a renewed sense of urgency to addressing nuclear safety risks in the region.

Following on from its historical and long-term strategic support before the war in Ukraine, the Bank responded to the Russian attacks on the site by scaling up its efforts to lead damage assessments of and repairs to the Nuclear Safe Confinement at Chernobyl Nuclear Power Plant as part of its management responsibility for the multi-donor fund, the International Chernobyl Cooperation Account. The Bank has been working to reduce Ukraine's heightened safety risks, meet restoration and remediation needs, and ensure the sustainable operation of nuclear containment and dismantling infrastructure at Chernobyl.

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**Policy dialogue is a central EBRD instrument in tackling the institutional drivers of fragility with a view to achieving systemic change and strengthening the enabling environment, including through a twofold national and sub-national institutional approach.** In this way, the Bank continues to lead reforms across its regions, reducing vulnerabilities associated with regulatory constraints and governance challenges, and building the capacity needed to adapt to risks and anticipate crises. The EBRD is uniquely placed to work closely with both sovereign and sub-sovereign partners, such as municipalities, to advance and cascade key reforms more effectively for systemic change. Promoting sound economic governance is also a strategic theme of the Bank's current SCF. In this context, policy engagement can support the creation or rebuilding of strong institutions at both national and sub-national level, including during the reconstruction phase, that are able to withstand future shocks. It does this by establishing robust governance standards and enhancing capacity in key sectors delivering essential services to populations (see subsection 2.2 for more details on the EBRD's economic governance support).

**In this process, the Bank will also continue to promote local ownership and participatory interventions as key conditions for addressing fragility drivers.** The EBRD supports national priorities, recognising that country ownership is crucial to collective understanding and the collaborative actions that can tackle pressing issues. The Bank uses key tools such as country strategies and country platforms not only to identify priority areas and actions to reduce fragility, but also to enhance collaboration with governments and promote a participatory process that includes civil society.

**EBRD operations strengthen or build the capacity of civil society to achieve effective and sustainable solutions to the causes of local, regional and global drivers of fragility across the social dimension, but also to institutional, economic and environmental challenges.** Engaging and promoting the involvement of CSOs is critical to pursuing the reform of state-society relations and encouraging responsive and legitimate institutions dealing with conflict and preventing its onset. CSOs help to identify vulnerabilities early on and work to ensure inclusive, context- and conflict-sensitive project design. Their ability to act as "early warning agents" is particularly valuable where data are scarce or unreliable. In recent crises, CSOs have played an instrumental role in the EBRD's response by conducting local needs assessments, delivering essential services to vulnerable populations, and monitoring the equity of emergency measures. During the pandemic, the Turkish and Moroccan earthquakes, and the Ukraine crisis, CSOs have demonstrated their capacity to act swiftly, inclusively and with agility. During the Covid-19 pandemic, CSOs supported remote education, public health messaging and the economic inclusion of informal workers. They played a crucial role following the earthquakes in Türkiye and Morocco by rapidly mobilising resources, volunteers and humanitarian aid to fill gaps in the initial state responses. In Ukraine, they have delivered humanitarian aid, ensured transparent governance in reconstruction efforts and addressed the needs of displaced persons, including across borders.

### 2.1.3. The EBRD's private-sector mandate is critical to enhancing resilience

**The EBRD works through the private sector to reduce fragility across key dimensions.** The Bank's core mandate lies in supporting the development of the private sector in its countries of operation, and it will continue to do so. It will scale up models or instruments in those areas where they are most needed, supporting services essential to the population, through more sustainable and cyber-resilient infrastructure, and promoting local manufacturing, entrepreneurship and inclusive economic opportunities. Targeting these areas under the economic, environmental, social and cybersecurity dimensions of fragility is crucial to addressing and mitigating pressures, but also to preventing crises, by achieving stability and growth, by alleviating the pressure on the state to deliver basic services, and by increasing social resilience.

**The EBRD strives to enable the private sector to play its full, essential role in post-conflict recovery and reconstruction.** During a conflict, the private sector can be damaged, destroyed or see its role significantly altered. Consequently, steps taken in the aftermath of a conflict are critical to determining the future of the private sector and to restoring its role as a driver of economic activity. Through its ongoing efforts in Ukraine, where it has deployed more than €9 billion since the start of the war, the Bank aims to both maintain lives and livelihoods during the conflict and prepare for the country's reconstruction. It does this by continuing to finance the private sector through micro, small and medium-sized enterprises (MSMEs), among other key sectoral initiatives. Meanwhile, the Bank's continued support for the private sector in economies in the Middle East, such as Lebanon, through investments and technical assistance, underscores its determination to maintain its role, despite intense drivers of fragility and elevated risks. Generally, the Bank's risk appetite remains agile, and it is focused on remaining engaged, despite heightened risks, intervening smartly to provide support where it is most needed and taking informed and calibrated decisions in close cooperation with its partners.

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**In these risky environments, the EBRD leverages donor support to attract and crowd in private capital in critical sectors.** When economies lack the capacity to attract private-sector investments due to issues such as a poor credit profile, high public debt, weak domestic mobilisation or an inconducive investment environment, the role of the Bank becomes critical in providing and catalysing the necessary capital to support the private sector. To mitigate risks and uncertainty, the Bank can deploy various instruments tailored to the specific circumstances through donor support – from blending grants and commercial finance to guarantees – thereby overcoming market weaknesses and fragility. For instance, donors have facilitated innovative investments that not only address environmental vulnerability, but also strengthen energy security, such as the recent deployment of first-time battery storage technologies in Egypt and support for the new power-balancing market in the Baltic region. The Bank’s two-pronged response to fragility in the energy sector has essentially focused on reducing long-term pressures and exposure to shocks through the diversification of supply and advancing the green transition to achieve energy independence. Furthermore, donors have enabled the EBRD to support another critical sector in wartime Ukraine: agriculture. The Bank has been working to ensure food security in Ukraine through the introduction of war risk insurance for affected businesses (see Box 5). Beyond Ukraine, the Bank has supported the southern and eastern Mediterranean region and the private sector in withstanding the spillover effects of the war on Ukraine related to food security with dedicated policy actions, investments and technical assistance.

**Box 5. Deploying new risk products in times of crisis to support food security: war risk insurance**

The EBRD has led a multiyear effort to support Ukraine with a new and innovative risk transfer mechanism, the war risk insurance facility. A key milestone was reached in 2025 with the first deployment of insurance to end clients, supported by the Ukraine Recovery and Reconstruction Guarantee Facility. Policies have since been signed with businesses operating in the agricultural sector, signalling strong demand for war risk insurance and sustaining critical trade in Ukraine.

The structure provides risk-taking capacity to the international reinsurance markets to cover losses on war-related risks underwritten by local Ukrainian insurers. Russia’s full-scale invasion of Ukraine has led to a significant reduction in reinsurance capacity, as international reinsurers have largely withdrawn from the market or applied blanket exclusions. This has left local insurers considerably limited in their ability to offer commercial war risk insurance products. Not long after the invasion, the EBRD identified the unavailability of insurance policies against war risks as a key barrier to economic activity.

The facility seeks to bring international reinsurance capacity back to the country by leveraging existing market infrastructure and tested risk transfer mechanisms from the insurance industry.

The culmination of the Bank’s collaborative efforts came at the Ukraine Recovery Conference in London in June 2023, when the EBRD and international actors signed a [statement of intent](#) to cooperate on relaunching the private insurance market in Ukraine by working jointly with key market and public-sector stakeholders to develop the guarantee facility.

**Lastly, well-functioning capital markets are key to strengthening resilience in fragile settings by providing sustainable and long-term financing options, while reducing reliance on external sources, especially in the context of dwindling donor resources.** When vulnerabilities are high, underdeveloped capital markets limit access to finance for firms and MSMEs, as well as for infrastructure development, constraining investment, innovation and ultimately economic opportunities – key drivers of transformative change and stability. Through its dedicated approach to financial market development, the EBRD is committed to building deep and dynamic capital markets with a diverse range of products to mobilise long-term finance and diversify funding sources where the gaps are largest. Developing domestic capital markets helps enhance transparency, governance and investor confidence while mobilising financing into productive investments, supporting sustainable growth even during periods of uncertainty. In parallel, the Bank will continue to strengthen the resilience of financial systems by supporting a sound and stable banking sector, as most EBRD economies depend heavily on banks. This involves fostering a banking sector that is well capitalised, profitable and liquid, with robust governance frameworks and effective risk management practices. Together, these elements are essential to ensuring that banks can absorb shocks and maintain uninterrupted financial intermediation and services.

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## 2.2. Strengthening the EBRD's operational approach to fragility

### 2.2.1. Aligning with the EBRD's new strategic priorities and enablers

The EBRD's SCF for 2026-30 is a key component of the EBRD's continued approach to fragility, as it reflects how the Bank can better prioritise and address emerging challenges and risks through its three strategic priorities –promoting economic governance, strengthening human capital and equality of opportunity for all, and advancing the green transition – and two strategic enablers – digitalisation and private capital mobilisation.

Promoting economic governance

**Underpinning the Bank's mandate is the view that a well-functioning market economy, set within a framework of democracy and pluralism, is the most effective means of achieving sustainable growth, allocating resources and delivering on citizens' aspirations.** Recently, the world has seen an increasing economic role for the state, triggered by the impact of the Covid-19 pandemic and sustained by more interventionist industrial policies. This has led to calls for a renewed focus on economic governance as a pressing global issue. In the EBRD's countries of operation, sound economic governance is a key prerequisite to addressing persistent vulnerabilities in the context of institutional fragility, typically characterised by structural gaps, a lack of government effectiveness, institutional weaknesses and challenges to the rule of law. Achieving success in this area also enables progress on all other dimensions of fragility.

**By working to promote good economic governance during the SCF 2026-30 period, the EBRD will build on its extensive experience and sector expertise to address new and existing pressures in its countries of operation, amid emerging challenges from shifts in the economic landscape and geopolitical tensions.** Reflecting its twin-track approach to fragility, the Bank will continue to support its investee economies in being better prepared to respond to the protracted negative impact of shocks, by maintaining or restoring robust governance standards and increased capacity for reform design and implementation. Without sound economic governance, short-term crisis response risks entrenching inefficiencies and reversing earlier gains.

**In reducing institutional fragility, the Bank will continue to leverage its interventions in the private and public sectors by working at economy, sector and firm level to provide a holistic approach to tackling vulnerabilities and achieving systemic change.** This will consist of strengthening the governance of state institutions in key sectors that deliver essential services to enhance quality, efficiency and transparency, and designing and delivering systemic reforms that improve the business climate and enable private-sector development and investment. This will require the EBRD to help develop institutional capacity at both national and subnational level to design reforms to promote competitiveness, reduce market distortions and identify areas or risks where institutional quality continues to constrain progress, including in times of conflict (see example on Ukraine in Box 6).

#### Box 6. Reforming state-owned enterprises in Ukraine to prepare for reconstruction

For more than a decade, the EBRD has championed state-owned enterprise (SOE) reform in Ukraine, where around 3,000 SOEs account for nearly 10 per cent of gross domestic product (GDP) and 18 per cent of employment. Their underperformance poses fiscal risks, magnified by the ongoing war. As the largest institutional investor in Ukrainian SOEs, the Bank has helped transform major players, such as Ukrainian Railways, Energoatom and Naftogaz.

In 2024, three years of technical cooperation and policy dialogue culminated in the landmark passage of Ukraine's SOE Corporate Governance Law (3587-IX). The new law strengthens SOE autonomy, transparency and accountability, and aims to align the sector with Organisation for Economic Co-operation and Development (OECD) standards. This milestone was achieved in partnership with G7 countries, the European Union (EU), the International Monetary Fund and the OECD. Top priorities include putting the state ownership policy into action, reforming board nomination procedures, continuing company-level reforms and building supervisory board capacity within key SOEs. The Bank also aims to help the government address moratoria on SOE insolvency and enforcement. Through these efforts, the EBRD is helping to build investor and donor confidence, and to reinforce Ukraine's progress on improving SOE governance and efficiency.

In parallel and in 2025, the EBRD continued to reinforce Ukraine's progress towards EU accession and supported energy sector reform for market integration.

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Strengthening human capital and equality of opportunity for all

**Fragility can undermine people's lives, livelihoods and access to economic opportunities, shaping their aspirations and outlook for the future.** Existing inequalities are often exacerbated where risks of gender-based violence arise, vulnerable groups face heightened exclusion, grievances and perceptions of injustice are strong, or political representation is limited. These pressures are compounded by uneven or disrupted access to employment and essential services, particularly where institutions are weak, or conflict and violence impede service delivery. In such contexts, scarce resources can widen existing gaps in access to economic opportunities. Applying a human capital lens to mitigation and crisis-response efforts is, therefore, essential to ensure inclusive recovery and resilience. As economies also confront climate change, demographic pressures – including through forced displacement – and technological shifts, interventions that protect people and help them adapt to ongoing pressures become increasingly critical.

**Through its Gender Equality and Human Capital Strategy 2026-30,<sup>4</sup> the EBRD intends to continue addressing fragility drivers linked to inequality and exclusion, while supporting human capital development as a foundational condition for stability and prosperity.** Promoting access to economic opportunities and social inclusion for all is key if the EBRD is to achieve systemic impact in fragile settings. It will do so by combining long-term approaches with crisis-response measures to preserve and improve livelihoods, as it continues to adapt to emerging challenges. Depending on priorities and context, activities will focus on building accessible and gender-responsive infrastructure and services, while also expanding opportunities for skills, jobs and livelihoods, especially where informal employment dominates. Interventions specifically prioritise preserving access to finance for vulnerable individuals and crisis-affected businesses, as well as strengthening the link between human capital and equality of opportunity by embedding gender, climate adaptation, digital skills and governance reforms into projects to reduce drivers of fragility across several dimensions. Examples of long-term support include helping farming communities in the southern and eastern Mediterranean region to access alternative livelihoods and training in the face of severe water scarcity. In times of crisis, the EBRD has undertaken several projects in wartime and stressful geopolitical contexts to preserve livelihoods, including protecting displaced people, such as supporting refugee-led businesses in Armenia through specialised financing windows (the Refugee Response Window for Armenia) or promoting the financial inclusion and economic reintegration of veterans in Ukraine.

Advancing the green transition

**As the world confronts an escalating climate and biodiversity crisis, economies across the EBRD regions are among the most vulnerable.** In 2024, they recorded the highest number of extreme weather events globally,<sup>5</sup> as the southern and eastern Mediterranean and Central Asian regions continued to face acute water stress. At the same time, global political and economic instabilities have made access to reliable and predictable energy supplies increasingly difficult. What is more, each year, damage to infrastructure from natural disasters alone generates more than US\$ 700 billion (€623 billion) in economic losses,<sup>6</sup> in addition to severe challenges, such as forced displacement, food and energy insecurity, and disruptions to essential services.

**The Bank's Green Economy Transition Strategy 2026-30<sup>7</sup> supports the reduction of fragility by addressing the negative effects of environmental vulnerabilities.** With technological advances making renewable energy increasingly the most cost-effective source of supply, EBRD regions now have a unique opportunity to harness the momentum of the green transition to bolster competitiveness, strengthen economic resilience and enhance energy security. In the SCF 2026-30 period, investment in the energy sector will be dedicated to expanding the production of clean energy from renewable sources and investing in future-proofed, decarbonised and resilient energy systems to strengthen energy sovereignty. For instance, energy security is at the heart of the EBRD's April 2026 conflict response package in the Middle East, where it aims to support its economies in capitalising on the green transition opportunity in the medium to long term, while addressing supply and price impacts, as well as potential spillover effects across the EBRD regions. The Bank will continue to accelerate progress on the green transition and achieve energy resilience by investing in vital infrastructure,

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<sup>4</sup> See EBRD (2026).

<sup>5</sup> See World Meteorological Organization (2025).

<sup>6</sup> See UNDRR (2025).

<sup>7</sup> See EBRD (2025b).

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including in times of war, and driving policy engagement, focused on achieving systemic change in six core economic systems: energy, urban, industrial, agrifood, transport and financial.

Box 7 gives an example of the EBRD's cross-cutting support in Morocco, where the Bank helped to mitigate the negative effects of water stress, thereby meeting its green transition and human capital strategic priorities.

#### **Box 7. Tackling water scarcity and improving livelihoods in Morocco through the EBRD's green transition and human capital strategic priorities**

The EBRD's southern and eastern Mediterranean region is one of the most water-stressed regions in the world, with countries such as Morocco having reached extreme levels – a trend expected to worsen in future. Fast depletion of freshwater resources, rising water withdrawals, a growing population and a lack of water efficiency are behind these challenges, negatively affecting the economy, food security and livelihoods. Morocco's agricultural sector has been highly vulnerable to climate shocks, as demonstrated by the prolonged droughts of 2022-24, which reduced wheat yields by 50 per cent and caused a sharp contraction in agricultural activity. The drought also had devastating effects on the economy and its people.

The EBRD continues to support its countries of operation in improving their preparedness for crises and addressing urgent priorities to sustain long-term water supply. In Morocco, for example, the Bank has invested in the Saïss Water Conservation Programme, a flagship initiative aligned with the country's national plans, designed to replace unsustainable groundwater abstraction with reliable surface water in a critical region of the country. The EBRD has supported the project since its inception.

Through financing, concessional finance and technical cooperation, the project has helped to strengthen Morocco's resilience and capacity to anticipate shocks by transferring 90 million m<sup>3</sup>/year to 120 million m<sup>3</sup>/year of surface water annually from the M'Dez Dam to irrigate the Saïss plain, benefiting around 5,000 farms and 1.8 million people.

The project has further helped to increase the economic opportunities available to small farmers and boost their social inclusion, as they are the most vulnerable and least resilient to acute water shortages. In this context, the Bank has also applied a gender-sensitive approach. The advance in opportunities offered by better water management and upgraded systems, together with improved agricultural practices, are expected to make a positive contribution to job creation and create economic opportunities in one of Morocco's poorest regions.

#### Digitalisation and cybersecurity

**The EBRD's SCF 2026-30 recognises the deployment of digital technology, including cybersecurity, as a strategic enabler that amplifies the scope of its transition impact across all six transition qualities, thereby reducing fragility in all dimensions.** By providing a range of instruments to support the EBRD regions, the Bank supports responsible and cybersecure digitalisation as a key enabler of transition impact and a key tool in helping to address areas of vulnerability in a more effective and comprehensive manner. The Bank's Digital Approach 2021-25<sup>8</sup> marked a significant step in mainstreaming digitalisation across its operations, supporting the establishment of the foundations of the digital economy, enabling digital adaptation in various sectors and enhancing innovation, underpinned by a cross-cutting focus on cybersecurity. The Digital Approach 2026-30<sup>9</sup> scales up four priorities: (i) driving investment to accelerate digitalisation across economies; (ii) strengthening digital skills and expertise; (iii) promoting sound digital governance to ensure competitive and resilient systems; and (iv) safeguarding digital transformation through responsible, cybersecure practices that address emerging risks from increased digital intensity.

**Amid a rise in the vulnerability of cybersecurity globally, the EBRD's regions are exposed to rapidly evolving cyber-risks that threaten their stability or increase their fragility.** As digital technologies become deeply embedded in ever more sectors, the world's reliance on data-driven tools heightens exposure to threats and risks, such as data breaches, privacy violations and algorithmic bias. As a result, the EBRD considers cybersecurity a critical dimension of its approach to fragility and will remain actively engaged in tackling key pressures in this area and supporting countries in dealing with crises. The Bank recently embedded in-house cybersecurity expertise into its processes by applying rigorous standards to all of its energy and infrastructure projects. Other cybersecurity initiatives include its deployment of client-level

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<sup>8</sup> See EBRD (2021).

<sup>9</sup> See EBRD (forthcoming).

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resilience projects in tandem with national capacity building. The Cybersecurity Resilience Programme strengthens governance and protection for EBRD clients, especially in critical sectors, such as energy, transport, finance, telecoms, and information and communications technology (ICT) supply chains (see Box 8). In parallel, the ICT Regulator Cybersecurity Programme supports national regulators and institutions by enhancing their strategic and technical capabilities, reinforcing overall national resilience.

#### **Box 8. Supporting food security through cybersecurity**

Cyber-threats are relevant to the vast majority of the EBRD's investments in all sectors and all regions. Consequently, the EBRD is engaging with prospective and existing clients facing cyber-risks to strengthen cyber-resilience in critical sectors of the economy.

One of the Bank's clients is a leading vertically integrated agribusiness firm active in Ukraine and the Western Balkans, which is facing substantial cybersecurity risks. In 2025, the company was hit by a large-scale cyber-attack that disrupted its information technology (IT) infrastructure and briefly limited its product shipments. This event highlighted the urgent need for substantial cybersecurity support and to reinforce essential infrastructure.

In response, the EBRD led a technical cooperation assignment to support the company in recovering from the 2025 attack and mitigating future threats by implementing a managed detection and response solution pilot. The pilot programme will provide the company with 24/7 threat detection and response capabilities, helping to ensure its continued safe and secure operation. The Bank is scaling up its technical expertise in cybersecurity to other key clients in its regions to ensure the overall economic resilience of key sectors and markets.

#### Private capital mobilisation

**The mobilisation of private capital is an objective of the Agreement Establishing the EBRD.<sup>10</sup> For the current SCF period, it has been identified as a "strategic enabler", capable of amplifying the Bank's transition impact and helping to address the financing needs of its regions, including in fragile dimensions.** Mobilisation can increase the finance available to address vulnerabilities in the EBRD regions, introduce private investors to these markets and, ultimately, serve as an indicator that economies are becoming more resilient.

**Boosting private-sector mobilisation has the scope to multiply the Bank's impact across all transition qualities and thereby reduce fragility.** In the short term, it amplifies the Bank's activities by increasing the volume of investment flowing to where it is most needed alongside the Bank's own investments. In the long term, it can widen the pool of investors willing to invest in these markets and free up Bank capital, which can then be redeployed to an increased number of new operations.

**In times of crisis, such as the war in Ukraine, the EBRD recognises that solutions need to be adaptable. Consequently, public direct mobilisation can be required where private sources are not available.** In such contexts, it is crucial that international financial institutions work together and engage in cofinancing to ensure the viability of interventions on the required scale. The strategic imperative to address fragility gaps in these contexts underscores the need for public mobilisation to achieve immediate priorities.

### 2.2.2. Sharpening the EBRD's operational approach to addressing fragility

**The EBRD is strengthening its methodology to assess the expected transition impact of its operations and to measure its actual delivery in order to tackle more effectively key barriers to systemic change.** Based on the six transition qualities, the revised transition impact framework will not only improve the Bank's objectives and track progress on the ground, but also capture more comprehensively its contributions to reducing fragility. In addition, in light of changing risks and new vulnerabilities, the Bank is undertaking a number of operational improvements, which will enhance the extent to which it addresses key fragility considerations.

**Learning from evaluations and evolving challenges, the EBRD is widening the scope of its "resilient" transition quality to better capture emerging or key drivers of fragility.** While the concept of resilience is relevant to all six transition qualities, the Bank recognises the particular importance of developing specialised areas of intervention under the "resilient"

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<sup>10</sup> See EBRD (1990).

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transition quality<sup>11</sup> to reflect emerging vulnerabilities (such as disaster-risk resilience and supply-chain resilience). Historically, the “resilient” transition quality focused only on financial and energy resilience and the capacity of those two sectors to withstand shocks. With the enhancements to the “resilient” transition quality and to reflect its support for both preparedness and crisis response, the Bank has stepped up its efforts to identify specific gaps and address fragility. It is, for example, extending the “resilient” transition quality to include non-energy infrastructure, such as transport and water, to reflect the range of essential services that can help to reduce fragility and deepen the EBRD’s lending and advisory solutions for clients. Similarly, under its crisis response track, the Bank captures recovery and reconstruction interventions with ongoing work to promote systemic interventions, including policy dialogue.

**The Bank is also developing a more robust and clearly defined assessment approach under the “inclusive” transition quality to ensure tailored support for human capital preservation in times of crisis and continue protecting people when displaced as a result of conflict.** The Bank will introduce a specific stream to actively engage with clients and stakeholders in all sectors working to preserve livelihoods in crisis settings, in cooperation with corporate clients, financial institutions and service providers. It will also continue to support both refugee and host communities in creating economic opportunities, promoting social inclusion and sustainable solutions through dedicated priorities embedded in the Bank’s project design and programmatic approach.

**Furthermore, the EBRD has refined its diagnostics of key challenges that form part of its project-level assessments.** The Bank is updating its assessment of transition qualities to include indicators that better reflect the key challenges across the six transition qualities. The new index will include Iraq and the Bank’s five sub-Saharan African countries of operation in order to provide the necessary data-driven insights into the contextual specifics of vulnerabilities and the size of gaps in areas that need attention. The assessment is a particularly important diagnostic tool in identifying pockets of fragility, as it consists of a dynamic index to determine the size of gaps on multiple dimensions, fully embedded in the transition impact framework.

**For stronger operational readiness, the Bank has developed a rapid response toolkit for crisis interventions while enhancing its monitoring capabilities and data systems to strengthen oversight and effectiveness.** Building on the findings of an independent evaluation,<sup>12</sup> the Bank has designed new operational guidance and an approach to crisis response to enable clear, timely and flexible interventions in fast-evolving or crisis-affected situations. The EBRD is also improving its internal systems to better report on crisis responses by introducing a standardised tagging system in the Bank’s database to facilitate monitoring, reporting and learning. Overall, these operational improvements will strengthen the Bank’s ability to anticipate risks, guide decision-making and maximise the effectiveness of its interventions in fragile settings. The Bank’s conflict response in the Middle East is a concrete example of the Bank’s readiness to address imminent risks and shocks in a timely fashion, ensuring that support can be mobilised as events unfold and risks intensify.

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<sup>11</sup> As part of EBRD’s revamping of the transition impact methodology through the Transition Objectives Measurement System (TOMS) 2.0.

<sup>12</sup> See EBRD (2025c).

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## Conclusion

The EBRD's approach to fragility sets out the Bank's conceptual and operational contribution to this evolving area of work, for which no one-size-fits all model exists. It demonstrates how the EBRD, since its establishment, has been able to adapt to the complex and multidimensional nature of fragility, leveraging its unique role and mandate to work in a manner that is flexible and responsive to the contexts in question.

The Bank views fragility as something that can affect all of its regions at any time, regardless of income level, on five dimensions: institutional, economic, environmental, social and cybersecurity. The EBRD's response to fragility is a two-pronged approach: building the necessary capacity in its regions to tackle long-term pressures and withstand crises, so as to improve the rapidity of its support during shocks, but also to scale up its focus on more anticipatory and preventative interventions.

The EBRD's approach to fragility highlights how the Bank's transition-impact mandate and integrated model remain fit for purpose in the context of fragility, as the Bank builds on its long experience and recent polycrisis interventions, and leverages its expertise and presence on the ground to tackle barriers to systemic change. The Bank's dual engagement through its private-sector mandate, while sustaining policy dialogue with the public sector, reflects the relevance and instrumental role of its interventions, enhanced by its strategic partnerships with donors, local governments and civil society.

The Bank will continue to test and review its structured, holistic approach to fragility, tracking results across its transition-impact objectives and the new SCF priority areas to closely follow best practice and draw on lessons learned. In the process, increased collaboration with other stakeholders in areas outside the EBRD's remit will remain key to meeting the needs of the EBRD regions.

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## Abbreviations and acronyms

ATQs	assessment of transition qualities
CSO	civil society organisation
EBRD	European Bank for Reconstruction and Development
EU	European Union
GDP	gross domestic product
ICT	information and communications technology
IT	information technology
OECD	Organisation for Economic Co-operation and Development
SCF	Strategic and Capital Framework
SOE	state-owned enterprise
TOMS	Transition Objectives Measurement System

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1972 *The EBRD's Approach to Fragility*