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**THE EBRD'S ENGAGEMENT WITH CIVIL SOCIETY:
ROADMAP (2017-20)**

Contributing to the priorities of the EBRD's Strategic and Capital Framework

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS	1
EXECUTIVE SUMMARY	2
INTRODUCTION	3
1 ENGAGEMENT WITH CIVIL SOCIETY AND IFI BENCHMARKING	4
1.1 Principles of engagement	4
1.2 Levels of engagement	4
1.3 Stock taking and lessons learned	6
1.4 Benchmarking: IFIs' engagement with CSOs	7
2 CIVIL SOCIETY LANDSCAPE IN THE EBRD REGION	9
2.1 Role of civil society in economic and political transition	9
2.2 Medium-term trends in civil society	10
2.3 Relations between CSOs and businesses	12
3 THE EBRD'S ROADMAP FOR CIVIL SOCIETY ENGAGEMENT	14
3.1 Context	14
3.2 Aim	14
3.3 Rationale	14
3.4 Implementation	15
3.5 Optimising and leveraging existing resources, products and processes	20
3.6 Measuring and reporting on results	21
3.7 Resource implications	21

ACRONYMS AND ABBREVIATIONS

CIFs	Climate Investment Funds
CSEU	Civil Society Engagement Unit
CSOs	Civil society organisations
CSR	corporate social responsibility
E2C2	Energy Efficiency and Climate Change
ESD	Environment and Sustainability Department
ESP	Environmental and Social Policy
EPG	Economics, Policy and Governance
EvD	Evaluation department
GCF	Green Climate Fund
GEF	Global Environmental Facility
GET	Green Economy Transition
IATI	International Aid Transparency Initiative
ICGI	Investment Climate and Governance Initiative
IFIs	International financial institutions
MEI	Municipal and Environmental Infrastructure
NGOs	non-governmental organisations
OSCE	Organization for Security and Cooperation in Europe
PIP	Public Information Policy
PCM	Project Complaint Mechanism
ROs	Resident Offices
SEMED	Southern and Eastern Mediterranean
SCF	Strategic and Capital Framework
SDGs	Sustainable Development Goals
SSF	Shareholder Special Fund
TC	Technical cooperation

EXECUTIVE SUMMARY

The purpose of this paper is to show how recent innovations in the EBRD's engagement with civil society support the priorities of the Bank's Strategic and Capital Framework (SCF), namely promoting economic resilience, fostering regional integration and addressing regional/global challenges. Looking ahead to 2020, the paper outlines how civil society engagement can go even further to support the Bank's efforts to reenergise transition, promote the qualities of a well-functioning market economy in line with the [revised transition concept](#), as well as address key challenges faced by civil society in the EBRD region. The Roadmap represents a reframing and refreshing of the Bank's Civil Society Engagement Unit (CSEU) engagement model.

This paper outlines four strategic directions for the Bank's engagement with civil society, namely:

- strengthening the EBRD's institutional transparency and accountability
- supporting good governance
- fostering economic inclusion
- promoting sustainable energy and resources.

Implementation

In addition to the CSEU – which leads, coordinates and advises on the EBRD's civil society engagement – many teams across the Bank are closely engaged with civil society, most notably staff in the Resident Offices (ROs) and several Banking teams at the London headquarters, and the Environment and Sustainability Department (ESD).

By focusing on the strategic directions outlined above, the Bank will shift its civil society engagement away from a reactive approach – that is, responding to complaints and information requests – towards proactive arrangements in order to effectively implement the EBRD's overarching institutional strategic priority of reenergising transition.

The Roadmap will be implemented by leveraging, optimising and adapting the Bank's existing resources, products and processes.

INTRODUCTION

The EBRD engages with civil society organisations (CSOs)¹ in its member and recipient countries because they provide a valuable contribution to the development of our policies, strategies and the implementation of investment projects, particularly complex, large-scale operations.

The Bank has periodically adapted its approach to civil society in response to the way the Bank itself has changed to meet the challenges of the transition countries. The purpose of this Roadmap is to describe the ways in which the Bank's engagement with CSOs is being refreshed and reshaped in order to contribute to the Bank's strategic priority of re-energising transition in the period 2017-20.

The paper is divided into three sections. The first section takes stock of the EBRD's evolving engagement with CSOs, lessons learned and benchmarking against other international financial institutions (IFIs). The second section looks at the evolving civil society landscape. The third part contains the Roadmap for the Bank's engagement with CSOs and its implementation in the period 2017-20 in the context of the EBRD's Strategic and Capital Framework (SCF). It outlines four strategic directions, namely:

- strengthening the EBRD's institutional transparency and accountability
- supporting good governance
- fostering economic inclusion
- promoting sustainable energy and resources.

It also outlines how the EBRD's CSO engagement is being supported through the work of a number of key banking and non-banking teams, as well as how the structure and activities of the CSEU – which plays a key part in the Bank's CSO engagement – are being optimised and reoriented in order to create a more potent team able to deliver more effectively on the SCF objectives and the revised transition concept.

This paper incorporates comments from a number of EBRD teams. Most ideas expressed in the paper have been discussed over the years with CSOs which follow the work of the EBRD as well as with CSO engagement counterparts in other IFIs.

¹ 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, youth organisations, business development organisations and other socio-economic and labour-market actors, as well as individual activists and opinion makers.

1 ENGAGEMENT WITH CIVIL SOCIETY AND IFI BENCHMARKING

1.1 Principles of engagement

The Bank's CSO engagement is 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 the market economy. A vibrant civil society is an essential component of democratic societies and sustainable, inclusive and well-governed economies.

Also, the Agreement Establishing the EBRD (Article 2) commits the Bank to promoting environmentally sound and sustainable development, most notably through the Bank's Environmental and Social Policy (ESP). Environmental advocacy groups focusing on social, labour, human rights and gender issues are holding the EBRD's clients accountable for their conduct towards employees, local communities and the environment. Through their on-the-ground knowledge and close links with the local population, CSOs often alert and help the Bank to ensure that its projects take into account the needs and concerns of local communities.

As a public institution, the EBRD is committed to transparency and good governance, as stipulated in its Public Information Policy (PIP). CSOs often request information from the EBRD and in such a way play an important role in helping the Bank become more transparent, accountable and inclusive regarding its decision-making processes and operations.

Lastly, through its independent Project Complaint Mechanism, the EBRD provides a legitimate path for members of affected local communities and CSOs to raise concerns about alleged harm that EBRD-financed projects may have caused or whether the Bank's relevant policies have been followed – thus enhancing the Bank's compliance with its policies.

1.2 Levels of engagement

Across the “engagement continuum”² the EBRD identifies four main levels of engagement with civil society: outreach and information disclosure; dialogue; consultations; and cooperation.

1.2.1 Outreach and disclosure of information

The Bank as an institution reaches out to civil society in a number of ways and discloses proactively and upon request the information about its operations in accordance with the PIP and in line with good international standards.

² “Engagement continuum” is a term devised by the World Bank and used by IFIs when describing their relationships with CSOs. It outlines five levels of engagement, namely outreach and information disclosure; dialogue; consultations; cooperation; and partnerships. The EBRD has four out of five levels of engagement. The Bank does not engage in formal “partnerships” with CSOs, which are characterised by long-term, institutional common goals/actions of IFIs and CSOs.

1.2.2 Dialogue

The Bank engages in an ongoing dialogue with CSOs, 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 flagship events such as the Civil Society Programme at the EBRD's Annual Meetings.

1.2.3 Consultations

The EBRD periodically conducts formal consultations with CSOs in relation to major institutional policies and strategies in accordance with PIP requirements and in line with international good practice. Consultations cover [country strategies](#), institutional policies and sectoral strategies.

1.2.4 Cooperation

Since mid-2013 the Bank has been proactively cooperating with, and raising awareness and enhancing knowledge among, local community groups and CSOs, mainly in the Western Balkans, the early transition countries³ and the southern and eastern Mediterranean ([SEMED](#)) region. It has achieved this through its Civil Society Capacity Enhancement Framework.

This Framework is an innovative, grant-based programme that allows the EBRD to support a wide range of civil society groups and organisations. It focuses on fostering: (i) sustainable energy and resources; (ii) economic inclusion; and (iii) good governance. In terms of scale and impact, as of December 2016 the Framework had generated 15 assignments that enhance the capacity of CSOs (4 completed, 11 active) worth around €3.0 million. In other words, by drawing on the skills of a wide range of EBRD teams and professionals, the Framework has helped to significantly improve the knowledge and skills of over 8,000 direct civil society beneficiaries through tailored training and mentoring in around 15 countries. Thousands of local community representatives have also benefited indirectly from the EBRD's technical cooperation (TC) projects.⁴ The CSEU is in charge of developing and managing the Framework.

Many other teams across the Bank also cooperate with CSOs, including NGOs, think tanks, business and professional associations, mainly by engaging them as consultants to deliver training, facilitate policy consultations, conduct research or provide advice.

³ The early transition countries (ETCs) are those that face the most significant transition challenges. The ETC Initiative works to improve the economies and living standards of those countries by strengthening private sector and SME development and municipal and environmental infrastructure. The countries covered by the initiative are Armenia, Azerbaijan, Belarus, Georgia, the Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

⁴ The Framework was approved by the Bank's Strategy and Policy Committee on 3 July 2014 following the successful implementation of the Civil Society Capacity Building Pilot Initiative (June 2013 to June 2014).

1.3 Stock taking and lessons learned

1.3.1 Ongoing engagement with CSOs has enhanced the Bank's work

Over the years, CSOs have provided extensive and useful comments during the reviews of the Bank's many institutional and operational policies and strategies. For example, during the revision of the ESP in 2013-14, over 640 comments were received on the draft ESP, both in public meetings in seven countries and through e-mails, letters and reports submitted to the Bank. Many improvements have been made to the policy based on the feedback.

At the project level, the Bank's staff try to view sensitive projects "through NGO lenses", and so frequently incorporate into projects ways of addressing the concerns of local communities and CSOs and, to some extent, anticipate potential complaints. This extensive engagement with civil society – as part of the risk-based approach to projects' due diligence and monitoring – has been beneficial for the Bank in terms of mitigating project risks and improving the quality of investments.

1.3.2 The Bank and some advocacy NGOs fundamentally disagree on certain issues

Some national and international advocacy and watchdog organisations – most notably CEE Bankwatch – take fundamentally different views from the EBRD on issues such as investments in gas and natural resources and the level of engagement in countries that CSOs consider to have a poor record in human rights and democracy. As a consequence, the NGOs are increasingly focusing on lobbying the EBRD governors, national parliaments, the European Parliament and European Commission, as well as cooperating closely with major mainstream media in relation to these issues. This approach by CSOs can have a negative impact on the Bank's overall reputation.

1.3.3 Cooperating with local CSOs and responding to clients' needs

Apart from raising awareness about EBRD investments in general, cooperating with local CSOs and building their knowledge and skills – through the Civil Society Capacity Enhancement Framework TC projects – has benefited specific EBRD projects in very practical ways. For example, in the Kyrgyz Republic, a beneficiary sustainable energy association, whose institutional and training capacity was improved in 2013-14, conducted training and increased the vocational skills of installers of energy efficiency equipment in residential buildings, in line with good international standards. In such a way, the TC contributed to addressing a bottleneck identified by the Bank's clients (partner banks) in the implementation of the Kyrgyz Sustainable Energy Financing Facility (KyrSEFF) – namely poor quality installation of energy efficiency equipment.

1.3.4 Encouraging clients' buy-in to increase leverage of CSO capacity building TCs is critical

One of the main challenges in the early stages of TC projects is ensuring that clients' understand the importance of engaging proactively with CSOs and leverage of the capacity building activities when TCs are developed at a later stage of investment projects, as was the case in a few initial projects.

Integrating CSO capacity building TCs in the early stages of investment projects can help to ensure leverage and sustainability. Engaging more actively with clients from the very

beginning and throughout the TC is an effective way of understanding and responding to clients' needs and ensures that they can benefit fully from engaging with CSOs.

1.3.5 Dealing with poor accountability and representation by some CSOs can be challenging

Naturally CSOs do not speak with one voice. There is a plurality of views, interests and sources of motivation among different groups in relation to the EBRD's work and these perspectives evolve over time. While the Bank recognises that most CSOs address legitimate local, national and global issues, it has found it challenging to identify the most appropriate ways of dealing with some CSOs whose accountability and representation of local concerns is questioned by members of affected local communities, for example in recent cases in Armenia, Georgia and Serbia.

In such cases the Bank has found it beneficial to engage directly with the local population affected by the Bank's investments through public meetings, focus groups and conventional and social media channels.

1.4 Benchmarking: IFIs' engagement with CSOs

All IFIs and multilateral development banks (MDBs) have dedicated resources for an ongoing engagement with CSOs and are constantly changing and adapting their approaches to respond to new trends and needs that are emerging in the "third sector".

All IFIs have at least three levels of engagement with CSOs, namely outreach and disclosure of information, dialogue and consultations. When compared with other IFIs, given the size of the institution and the CSEU, the EBRD receives and responds to a significant number of CSO requests, and organises a large number of face-to-face meetings with a high level of CSO participation.

Most IFIs go beyond consultations with CSOs. The International Finance Corporation (IFC), Asian Development Bank (ADB) and African Development Bank (AfDB) all engage CSOs as consultants for technical advice on investment projects. The European Investment Bank (EIB) and EBRD also engage CSOs as consultants, albeit to a lesser extent than their peers. The IMF has started to engage through new platforms that go beyond simple consultations such as advisory panels of CSOs on specific issues/papers or CSO platforms they seek input from on their programmes. The World Bank, ADB, Inter-American Development Bank (IADB) – and EBRD through its Civil Society Capacity Enhancement Framework – also provide capacity enhancement and/or small grants to CSOs in relation to their investments. The World Bank also provides sizeable grant-based funding to CSOs on a stand-alone basis through its Global Partnership for Social Accountability (GPSA) programme. Since 2012 the World Bank's GPSA makes grants available to CSOs working on governance-related issues in 49 countries. As of 2016, the GPSA was supporting 23 projects in 17 countries, for a total of over US\$ 15 million.

The World Bank and ADB go further than just providing training and funding to CSOs; they involve CSOs and citizens in community-based monitoring or participatory monitoring of investment projects, which is mainstreamed in many infrastructure, agriculture and energy projects, particularly in hard-to-reach rural locations in Sub-Saharan Africa and South-East Asia.

All but one IFI have a dedicated CSO engagement unit at their headquarters (ranging from 2 to 7 people) that deals with institutional relations with CSOs. The exception is the IFC which does not have a unit as such – it has one corporate CSO liaison staff member based in its headquarters but engagement with CSOs is also built into the responsibilities of all external-facing communications officers. The IFC also relies on support from the World Bank CSO team and 100 individuals who are located in all World Bank resident offices, and are responsible for broader public affairs issues. In addition, the World Bank's GPSA programme is supported by 20 members of staff based in the World Bank's headquarters in Washington DC. The ADB, IADB and EBRD also have focal points in Resident Offices but they tend to be mostly in charge of administrative issues related to CSO engagement, with few exceptions.

All IFIs hold dedicated annual CSO events, normally in relation to the institutions' annual meetings of governors. The EIB holds its annual CSO meeting with the Board of Directors at its Luxembourg headquarters. The IMF, World Bank and IFC hold a joint Civil Society Forum during the IMF/World Bank annual meetings prepared under the World Bank civil society team's leadership.

In all IFIs, CSO engagement at the project level related to policy compliance rests with departments dealing with environmental and social, governance affairs and/or investments, regional departments and/or resident offices – and of course with clients.

All IFIs – except the EBRD until now – have developed internal strategic documents for engaging with CSOs in order to contribute to the strategic orientations of the respective institutions. Only the IFC – and the EBRD until now – have not made their engagement strategies publicly available.

2 CIVIL SOCIETY LANDSCAPE IN THE EBRD REGION

2.1 Role of civil society in economic and political transition

Civil society groups and organisations – operating in the space between public and private sectors and individual citizens – have played an important role in political and economic transition processes around the world, including in the EBRD’s countries of operations. During the 1990s in the EBRD’s original region of operations – from central Europe to Central Asia – thanks to western donors’ support, thousands of new CSOs, independent media, think tanks and private universities were set up and became influential in raising the level of public debate and openness in society, thus prompting social change.⁵ Also, CSOs acted as an important counterbalance against discretionary power and poor governance, thus making governments more responsive to society’s demands. CSOs also provided a variety of social services, particularly to disadvantaged and vulnerable people who were negatively affected by the transition process.

However, the development and effectiveness of civil society has been mixed. In many Baltic states and central European countries, the work of CSOs contributed to fostering pluralism and transforming societies towards more democratic political systems and more open market-based economies. Many policy and research organisations, moreover, shaped the economic and financial approaches of governments in their countries. Some countries have witnessed reversals in some aspects but the overall trend in the region appears to be positive.

Going further east and south to Russia, the Commonwealth of Independent States (CIS) and south-eastern Europe (SEE) the influence of civil society has been less prominent, with a few exceptions. For example, in the 2000s, political movements took shape in Georgia, Serbia and Ukraine where CSOs played an important role in advancing political change. Many civil society leaders subsequently became eminent political figures in governments. Most recently in 2014, CSOs again played a crucial role in the political transition in Ukraine.⁶

On the whole, in many countries CSOs helped to sustain the transition process through the difficult early years, thus being a generator of “social capital”. By helping to foster trust, CSOs made a positive contribution to more inclusive economic growth and better governance, particularly in central Europe and the Baltic states. Arguably, this trend of generating social capital has not continued in the later stages of transition in most EBRD countries. Evidence seems to suggest that citizens of former socialist countries are less likely to participate in voluntary organisations, to contribute financially to CSOs, and to trust fellow citizens.⁷ While the communist legacy remains important in this respect, low social trust is also because many CSOs have not managed to establish strong links with local communities.

⁵ Prior to the 1990s, CSOs were virtually non-existent in the EBRD’s original region of operations, from central Europe to Central Asia with few exceptions.

⁶ Reanimation Package Reform – a civic initiative of over 70 leading Ukrainian experts from civil society, think tanks, NGOs, the media and universities – played a key role in Maidan demonstrations. They continue to exercise pressure on the government and advocate for reform, particularly regarding governance and anti-corruption issues.

⁷ See M. Paldam and G.T. Svendsen (2002) “Missing social capital and the transition in Eastern Europe”, *Journal for Institutional Innovation, Development and Transition*, pp. 21-34.

In the EBRD's newest region, SEMED, the Arab uprisings demonstrated an important role of civil society – broadly defined as including trade unions, professional associations, independent political figures, activist bloggers and informal citizens groups – as a driver for change. Most notably, the Nobel Peace Prize in 2015 went to a group of respected public figures from long-established civil society groups⁸ in Tunisia for their role in the political transition of their country. In other countries, such as Egypt, there is evidence that many formalised advocacy NGOs have played a minor role in political changes, having remained confined mainly to the urban elites and not appealing to the wider population.

At the other end of the spectrum, service-providing groups in the Arab countries, which are predominantly faith-based and long established, remain deeply rooted in local communities, both in rural and underserved urban areas where state-led mechanisms to provide basic services have witnessed significant deterioration over the past few decades. They benefit from the practice of obligatory philanthropy, *zakat*, which remains deeply embedded in the culture and fabric of Arab societies.

It should be noted that civil society activism is not always positive. Ultra nationalist and extremist movements are also part of civil society and they can be found in many EBRD countries of operations.

2.2 Medium-term trends in civil society

Over the past several years there has been a trend among governments in several EBRD countries of operations to limit the space for civil society, and the general conditions for development of the “third sector” have deteriorated. More stringent laws have been enacted in some countries, and many established CSOs find themselves working in restrictive regulatory environments, sometimes under political pressure. This trend of the shrinking CSO space seems likely to continue in the medium term in many countries.⁹

CSOs in the EBRD region also have poor institutional capacity and need to improve governance, communication and outreach, particularly towards citizens. CSOs also suffer from a lack of stable funding and are subsequently dependent on donors and/or governments. As donor funding is diminishing and/or more focused on specific issues (for example, climate change, gender or migration), many traditional CSOs are increasingly unable to maintain their work, including their engagement with national and international counterparts, such as the EBRD, the Bank's clients and governments of the EBRD's countries of operations.

Among citizens in the EBRD region there seems to be an increasing disengagement from formal political institutions and processes in general, including a declining trust in traditional formalised CSOs.¹⁰ At the same time, new informal civil society players and innovative patterns of social mobilisation, self-organisation and civic participation are becoming more prevalent. There are some indications that volunteering is on the rise, even in the EBRD's

⁸ The Tunisian Confederation of Industry, Trade and Handicrafts, the Tunisian General Labour Union, the Tunisian League of Human Rights and the Tunisian Order of Lawyers.

⁹ Civic Space in Europe Survey, Civil Society Europe and CIVICUS, October 2016, www.civicus.org/index.php/media-resources/news/2631-civil-society-reports-show-evidence-of-shrinking-civic-space-in-europe.

¹⁰ The exception to this trend is the institution of trade unions which, although one of the most traditional forms of civic participation, still remains highly influential in a number of countries such as Morocco and Tunisia.

original region where it has been habitually low. In some countries, particularly in central Europe, south-eastern Europe and Russia, more direct, issues-oriented voluntary participation is increasingly replacing traditional forms of civic engagement. Members of the public are getting together in their local communities in spontaneous and informal ways – often via social media – to debate and tackle local problems.¹¹

As a way of helping to offset a decline in donor funding, many youth groups and social movements have found new ways to reconnect with the general public, often through the use of technology. Mobile phones, social media and internet-mediated registries such as crowd funding can be used to finance some initiatives, as making individual donations becomes quick and easy. It is true that modern technology, internet and social media are still largely used by the young and technologically savvy population in urban areas. However, pervasive mobile use in rural areas as well as growing internet penetration in both urban and rural areas in the EBRD region open up new possibilities for the development of civil society outside the capitals. For example, in remote areas in many EBRD countries, mobile phones are used in general communication as well as in grievance management and reporting problems to EBRD clients. Herders in Mongolia or residents of rural Egypt are rarely without a mobile phone, for example. On one occasion, an NGO has used photos obtained through a drone to illustrate a specific concern about operations of one of the EBRD's clients.

Although since the 1990s there were many instances in the EBRD region of CSOs pursuing for-profit activities as consultants in order to fund their not-for profit core activities, this trend of “social entrepreneurship” has evolved and become more prominent over the past decade. Some CSOs are therefore operating as social enterprises – or are divided into for-profit and not-for-profit arms under the same roof – by employing market-oriented approaches to address society's needs and challenges. The potential of social enterprises to contribute to reducing unemployment – of disadvantaged groups in particular – has attracted significant attention by decision-makers, particularly in the United States and the European Union, including some EBRD countries of operations.

The vibrancy of this new kind of civil society is evident across the EBRD region and beyond. It carries potential for increasing the overall influence on decision-makers and playing a more important role in holding government structures accountable through real-time monitoring and reporting by advocacy and watchdog organisations. At the same time, many authoritarian governments are catching up on the technology and have started to monitor and even restrict internet use and/or sponsor unauthentic groups, so-called GONGOs (government-organised non-governmental organisations) to dominate the social media space.

Nevertheless, despite the challenges, the potential remains for both traditional and new civil society groups and organisations in the EBRD region to influence social change. Academics and think tanks are seeking ways to improve policy-making by generating and transmitting evidence-based and policy-relevant knowledge. Service-providing CSOs are trying to enhance their response to the social needs of the population through innovative tools such as geo-tagging and the use of satellites and drones, which are all becoming less expensive and thus more accessible. The main conditions needed for civil society to fulfil its potential

¹¹ For example, Russian volunteers were active during forest fires in 2010 and during the Krymsk flooding in 2012; urban movements are advocating affordable housing and protection of cultural heritage in Poland; and local versions of Occupy Wall Street could be found in mass protests in Bulgaria, Romania, Slovenia and Bosnia in 2014-15.

include: governments ensuring an environment that enables civil society to develop; volunteering and financial contributions by ordinary citizens; support by high-net worth individuals, private foundations and international donors; and a closer cooperation among CSOs, governments and businesses.

2.3 Relations between CSOs and businesses

Traditionally, particularly in the 1980s and 1990s, NGOs have focused most of their efforts on keeping private sector companies in the extractive, energy, transport and food industries accountable in relation to environmental, social issues and governance (ESG). Civil society activists used to engage in highly visible and often confrontational activities against certain corporates. From 2000, these activities still continued, such as during the G8 and trade summits, but much less often, particularly in advanced economies. In the EBRD's traditional region, a trend towards a more cooperative engagement with businesses and IFIs was also evident in the 2000s as businesses, IFIs and governments became more approachable and willing to engage in exchanges of views with civil society.

Also, the concept and practice of corporate social responsibility (CSR) have evolved significantly over the past few decades. Many large natural resources companies, including some EBRD clients, have funded extensive community-based programmes related to their investments often implemented through CSOs; they even used specialised CSOs to deliver social services in areas such as health care and education. Many companies have adopted CSO-led voluntary codes of conduct, such as the Global Reporting Initiative, for transparency and sustainability.

Social economy and social entrepreneurship have also started growing in the United States and EU countries, including central Europe. Although grant support from governments and private foundations remains predominant, in many countries high-net worth individuals, social impact funds and venture capital funds are starting to support both start-ups and the growth of social enterprises and CSOs. "Social impact investment", with a focus on generating measurable social impact alongside financial returns, is slowly becoming a regular and growing feature of investment portfolios.

However, following the financial crisis in 2008, anti-business sentiment has been on the rise, fuelled by revelations of record profits, tax evasion and high bonuses paid to top executives of some multinational companies. Also, the public now has higher expectations about transparency and the role of business in society, which has led to progressive access to information laws in the United States and western Europe. Technological advances, expansion of internet access and use of social media have enabled CSOs to launch influential global campaigns quickly and at almost no cost. In the EBRD region we are starting to see a return to resorting to litigations and physical protests against companies in some sectors, particularly energy.

While many companies continue to ignore or be purely reactive to CSO campaigns, several leading international businesses are adopting more proactive approaches.¹² Major multinational corporations and large CSOs are setting a new trend of forming strategic

¹² For example, Unilever invited Oxfam to audit its supply chain in Vietnam in 2013. Although the findings were fairly negative, Oxfam and the international media praised the company for exposing itself to external scrutiny and for its plans to improve labour issues.

partnerships in the context of the “shared value” proposition.¹³ For example, GSK is working with Save the Children to deliver affordable drugs to the most vulnerable children. Oxfam and a number of food companies have recently launched an Equitable Food Initiative. Some sectors, such as tourism, are spearheading the youth employment agenda through strategic partnerships, such as between Hilton and World Youth Foundation, and Marriott and NGO Education for Employment.

Among the EBRD’s clients, Danone Ecosystem Fund – a CSR arm of Danone – is blending its own funding with the funds from around 40 CSOs, including Heifer International, Care and Ashoka, to support income-generating opportunities for small farmers in 21 countries, including in many of the countries where the EBRD invests.¹⁴

Since 2002 the Bank’s client, IKEA, and WWF have run joint projects in 13 countries to promote the responsible and sustainable use of resources, such as forestry and cotton, including improving sustainable forestry standards. The EBRD has been involved in some of these initiatives.

While largely neglected in the United Nations’ [Millennium Development Goals](#) (MDGs) process, the role of the private sector and IFIs in promoting sustainable and inclusive economies has been given greater prominence in the [Sustainable Development Goals](#) (SDGs) debates, particularly through Financing for Development (the Addis Ababa Action Agenda). It is widely recognised that there is great potential for more cooperation between CSOs and businesses in meeting development goals over the next decade. Many CSOs are attracted to such arrangements with the private sector as they provide not only funding but also potential to achieve real scale and effectiveness in tackling entrenched challenges by leveraging private sector expertise, capacity and reach. Of course, such partnerships carry a number of risks for both CSOs and businesses, including conflicts of interest and damage to reputation, so they need to be carefully designed and managed.

¹³ As defined by the Harvard professor Michael E. Porter, shared value “involves creating economic value in a way that also creates value for society by addressing its needs and challenges”.

¹⁴ Through its CSCE Framework, the EBRD is partnering with Danone Ecosystem Fund and a Ukrainian NGO to support small dairy farmers and the integration of rural youth into the labour market.

3 THE EBRD'S ROADMAP FOR CIVIL SOCIETY ENGAGEMENT

3.1 Context

At the EBRD's 2015 Annual Meeting in Tbilisi the EBRD Board of Governors approved the Bank's [Strategic and Capital Framework](#) (SCF). The overarching aim for the Bank over the next five years is to help re-energise transition through three main objectives:

- strengthening economic resilience
- promoting integration both within EBRD regions and the global economy
- addressing common global and regional challenges, such as climate change, resource depletion and food security.

3.2 Aim

This roadmap outlines how the Bank is now working with civil society in order to align its civil society activities more closely with the SCF objectives.

Civil society engagement is also being adapted to support more effectively the Bank's strategic focus on enhancing policy dialogue, particularly in relation to the Bank's country strategies and country-level policy advisory work.

Looking ahead, the approach to civil society engagement will also align with the revised transition concept, adopted by the Board of Directors in November 2016, which is built around six qualities of well-functioning market economies, namely: competitive, well-governed, green, inclusive, resilient and integrated.

In particular, civil society engagement will actively promote green/sustainable, inclusive and well-governed market economies through its Civil Society Capacity Enhancement Framework.

3.3 Rationale

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 governments of its countries of operations to build well-functioning market economies would need to be understood, accepted and owned by the local population. This is an assurance that the reforms will be resilient, sustained over time and not abandoned or reversed.

Civil society actors in the EBRD region are key stakeholders in societies and they have an important role to play in re-energising transition. Distinct comparative advantages of CSOs include the ability to bridge gaps between different sections of society and to provide a crucial link between authorities, businesses and the general public. In such a way, CSOs contribute to the generation of social capital and the trust that underpins cohesive societies. CSOs can also help facilitate greater participation and engagement of citizens in political, social, economic and governance reforms.

Although civil society has huge potential to improve societies and economies, there are significant needs and challenges faced by CSOs in the countries where the EBRD invests, which include weak capacity, insufficient resources but also poor access to information and

an environment that restricts the development of civil society. These challenges often prevent CSOs from engaging with the EBRD, its private sector clients or governments in an effective and sustainable manner.

The Bank needs to keep improving its existing tools and devising new ones for outreach, dialogue, consultation and cooperation to help civil society unlock its potential, thereby contributing to re-energising transition and building support for economic reforms.

3.4 Implementation

There are four ways in which the Bank – through the CSEU and other key teams – is improving its engagement with civil society now and leading up to 2020.

3.4.1 Strengthening institutional transparency and accountability of the EBRD

- a) More focused outreach on how the EBRD is pursuing its SCF priorities and promoting the qualities of a market economy

Outreach towards civil society is currently carried out through dedicated web pages, automatic and targeted emails, a quarterly newsletter, global social media platforms (such as Twitter, Facebook and Instagram) and communication products, such as brochures and events. Through these channels the EBRD circulates information about its work that is of particular interest to CSOs, such as environmental issues in natural resources projects or the Bank’s investment climate and governance policy dialogue activities.

Looking ahead, more focused and deliberate outreach efforts would increase awareness among CSOs and local communities of how the Bank is promoting its SCF priorities and six qualities of a market economy at both the institutional and country levels. This could be achieved by adapting existing communication products according to the particular country or issue. Also, the Bank could engage more extensively with CSOs through online instruments, such as webinars, webchats and WebEx, as well as the most popular national social media platforms, in order to reach a broader range of CSOs and the general public, particularly the younger segments of society.

- b) Increasing information disclosure through enhanced compliance with International Aid Transparency Initiative (IATI) principles and requirements

As an IFI focusing on the private sector, the EBRD must continue to balance an increasing demand for greater information disclosure with the need for client confidentiality. When it comes to project disclosure, civil society groups view the EBRD as lagging behind its comparators on a number of PIP-related issues and practices, which leads to increased reputational risks. Since May 2015 the EBRD has started to make publicly available data on its investment operations accessible in a format used by the development community, namely according to the standards of the IATI. In April 2016 the Aid Transparency Index – published by the NGO Publish What You Fund (PWYF) – acknowledged the Bank’s efforts to improve transparency and accountability.¹⁵

¹⁵ The Bank’s rating moved from “poor” to “fair” and it ranked 26th out of the 46 organisations rated in the PWYF survey. The EBRD has caught up with the EIB, which ranked 24th, while the IMF and IFC continue to be rated “poor”, ranking 39th and 40th, respectively.

The Bank could consider stepping up IATI implementation, while taking into account confidentiality issues, including through an enhanced coverage by Project Summary Documents (that is, more investments will have PSDs), more frequent reporting to IATI as recommended by PWYF in its 2016 assessment, and enhanced access to machine-readable data on its website to enable better comparisons with other donors and investors in international development.

- c) Enhancing transparency through ongoing modifications to PIP and through to the next PIP review in 2019

The 2014 PIP revision has brought in important improvements to the Bank's information disclosure. Most notable is the annual updating of environmental and social information on Category A projects and the disclosure of Project Summary Documents on non-transactional technical cooperation projects above €300,000.

As part of refining its implementation of the 2014 PIP, the Bank is disclosing more documents proactively. Also, while PIP currently stipulates that draft sectoral policies and strategies only need to be made available for comments online,¹⁶ several teams in the Bank have gone beyond PIP and consulted face-to-face with CSOs and the general public on areas such as the Mining Policy, Energy Operations Strategy¹⁷ and the Strategy for the Promotion of Gender Equality, ensuring that these key institutional documents of the Bank have received significant external input.

When it comes to country strategies, the Bank recognises the importance of continuing face-to-face consultations with CSOs in the pre-drafting stages of major country strategies. Also, a more focused CSO input, particularly by think tanks and academics, into the country diagnostics papers related to strategies is being considered. The use of the forthcoming online EBRD Consultation Hub could supplement and/or replace face-to-face consultations for some country strategies and other major institutional documents as a more efficient, modern and cost-effective way of engaging with CSOs and the general public.

Lastly, the next PIP review in 2018-19 represents an opportunity for the Bank to conduct a benchmarking exercise regarding commitments and practices of other IFIs and to consider ways of enhancing its information disclosure and overall transparency.

- d) Providing further support and increasing the skills of staff in Resident Offices and headquarters to engage effectively with local CSOs on projects and country strategies

The ROs' engagement with CSOs is key to implementing the Bank's policies and projects on the ground; the ROs are the very first points of contact for local organisations and community groups. A recent review of 11 of our offices has found that RO staff feel that they do not have the time or expertise for CSO engagement. RO staff can currently use the existing online training module for CSO engagement and ad hoc face-to-face training.

¹⁶ According to PIP requirements, ESP, PCM, Evaluation Policy and PIP itself – and country strategies when appropriate – require certain proactive consultations with CSOs in addition to having documents made available online for comments.

¹⁷ For example, 121 representatives of various stakeholders participated in public consultations on the 2014 Energy Operations Strategy and 83 sets of written comments were received. A significant number of improvements were consequently made to the strategy.

Looking ahead, RO staff – particularly new RO heads – could benefit from further support to enable them to engage effectively with local civil society. Developing dedicated training on the implementation of PIP, problem solving and alternative dispute resolution could be considered.

3.4.2 Supporting good governance among governments and EBRD clients

- a) Strengthening commitment to Article 1 by fostering an environment for effective participation of CSOs and other interested groups through public diplomacy

In addition to a highly visible Civil Society Programme at the EBRD's Annual Meetings, the President and senior management, Board of Directors and heads of ROs regularly meet CSOs in the region and at the Bank's London headquarters. The most pertinent CSO views and concerns are communicated by Bank officials to national governments, albeit on an ad hoc basis. From their side, CSOs greatly value the dialogue with the Bank's senior figures.

Going forward, in response to the challenging political and legal environment for CSOs in many countries, the Bank needs to increase the visibility of its interactions with CSOs at the highest level as a clear signal to decision-makers in the Bank's countries of operations that the EBRD cares about civil society's views as well as its enabling environment. Also, CSO concerns relating to effective participation must continue to be communicated to governments appropriately and consistently.

- b) Enhancing EBRD clients' capacity to engage with, and make environmental and social information more accessible to, affected communities and CSOs

At the project level, the EBRD expects its clients, particularly in large and complex projects, to disclose information regarding environmental and social issues, and engage with potentially affected communities and CSOs in accordance with the 2014 ESP. In the municipal and environmental (MEI) sector, the Bank is systematically developing Stakeholder Participation Programmes (SPPs)¹⁸ aimed at enhancing public ownership of the Bank's investment. These include helping municipal clients to prepare and implement Stakeholder Engagement Plans (SEPs) which involve engagement with local NGOs and an effective grievance mechanism. SPPs have been particularly effective in Central Asia where SPPs are prepared for all MEI projects.

Looking ahead, the Bank will continue to support its clients – where appropriate – in engaging constructively with affected communities and CSOs, particularly in complex and controversial projects. Doing so can contribute significantly to transition and would support increased social accountability and community participation in local economic development. This could be achieved through the TC support for the preparation of SPPs and SEPs as well as through promoting peer-to-peer learning among the Bank's clients in the same sector or country. It would also be beneficial, for example, to help local and national CSOs improve the communication and public engagement aspects of the Extractive Industry Transparency Initiative (EITI).

¹⁸ MEI Stakeholder Participation Programmes aim to enhance public ownership of the Bank's investments by encouraging water conservation, increasing public participation in the provision of water services (service quality, rehabilitation activities, tariff affordability) and raising public awareness of issues related to project implementation and water use through the establishment of the Water Users Committees (WUCs).

The Bank's next opportunity to consider the stakeholder engagement of its clients will be during the review of the ESP and PCM in 2019.

- c) Helping CSOs to promote good governance, a positive investment climate and good corporate citizenship of the EBRD's clients

As part of the Civil Society Capacity Enhancement Framework and in line with the Investment Climate and Governance Initiative (ICGI), the Bank has worked with CSOs to improve their capacity for oversight and integrity standard-setting, and for providing expert input into policy-making in areas such as transparency, anti-corruption, improving the business climate and monitoring public procurement. Also, we have strengthened the role of CSOs in promoting citizen participation in decision-making and facilitating multi-stakeholder dialogue among governments, business and communities in relation to major policy areas. For example, the Bank is providing training for think tanks, governance NGOs and business development organisations (such as business associations) that covers tackling corruption in Albania, Moldova, Ukraine and, more recently, the other Western Balkans countries.

Looking ahead, the Bank will continue to seek opportunities to build on these activities by scaling up country-level projects into regional projects, where appropriate and in line with the priorities of the Bank's ICGI. This will strengthen economic and corporate governance and help CSOs to engage constructively with their governments and EBRD clients.

Moreover, the EBRD could also consider mobilising TC funds to provide advice and good practice standards to our clients, particularly in the manufacturing and services and agribusiness sectors. This would help them develop and strengthen – where applicable – their corporate social responsibility policies and practices when it comes to proactive engagement with local communities and civil society, including in their value chains. This would improve the corporate citizenship of our clients, increase the transition impact of the Bank's projects (that is, the Bank's projects would contribute more effectively towards transition), and reinforce the progressive "shared value" approach.

3.4.3 Fostering economic inclusion in the EBRD region

- a) Consulting with CSOs on the EBRD's efforts to promote economic inclusion and gender equality

For a number of years the Bank has engaged in dialogue and consultations with CSOs in relation to economic inclusion and gender equality. The Civil Society Programme at the Bank's Annual Meetings, meetings of senior management, Board consultation visits and country strategy consultations have featured many discussions on these topics. The development of the Bank's first Strategy for the Promotion of Gender Equality included extensive consultations in 2015 with CSOs – in both London and the Bank's countries of operations – that focused on issues such as women rights and access to finance for female-led businesses.

This dialogue will certainly continue. In particular, the upcoming Economic Inclusion Strategy will involve extensive consultations with civil society in late 2016 and early 2017.

- b) Enhancing the capacity of and cooperating with CSOs to promote economic inclusion

As part of the Bank's efforts to promote economic inclusion, the EBRD supports civil society stakeholders in promoting work-based learning initiatives, participatory resource management and other aspects of transition and development for young people and rural communities, while taking into account gender equality. For example, the Bank is implementing a TC project in the rural Egyptian governorate of Kafr El-Sheikh to help the client engage effectively with CSOs and local citizens. The project also aims to help CSOs raise awareness in hard-to-reach communities of water conservation, hygiene and public health issues.

Looking ahead, in line with the revised transition concept and the upcoming Economic Inclusion Strategy, the Bank could consider working with civil society to promote greater equality of opportunity, particularly for people with disabilities, the elderly, LGBT (lesbian, gay, bisexual and transgender) groups, the Roma community and other ethnic minority groups and disadvantaged segments of societies.

- c) Stimulating social entrepreneurship among CSOs as a way of increasing economic inclusion of marginalised social groups

Through its Civil Society Capacity Enhancement Framework, the Bank has provided advice – through external consultants and international CSOs – to local and national CSOs to help them raise their institutional capacity, including indirectly their financial sustainability.

With the Bank's support for social entrepreneurship and similar revenue-generating activities, CSOs could diversify revenue streams and improve their financial sustainability and independence from the agendas of governments and donors. An initial study on social entrepreneurship in the Western Balkans and Croatia is due to be published in the first quarter of 2017. Subsequently, the Bank could consider ways of supporting CSOs and social enterprises that operate within this underserved market segment in the region.

- d) Helping local civil society in the response to the migrant crisis in the countries where the EBRD invests, particularly Turkey and Jordan

Alongside its investments and policy dialogue efforts, the Bank has started supporting existing local and national civil society initiatives as a way of contributing to the efforts of governments, donors and IFIs in addressing the migrant crisis. The Bank has recently started an innovative project in Turkey which engages an international CSO to enable local civil society groups and existing community centres run by CSOs to support the saving and income-generating activities of refugees and host communities through a novel concept of self-funded communities (that is, the community pulling together small sums of money to save and/or start micro enterprises and other activities). The EBRD is also advising the Gaziantep Chamber of Commerce in Turkey to better serve the wider business community, including refugee-led firms.

Going forward, potential TC projects in Turkey and Jordan include: harnessing the potential of CSOs to bring informal micro enterprises into the formal economy; and improving refugee access to employment opportunities in retail, hospitality and municipal services.

3.4.4 Supporting sustainable energy and resources in the EBRD region

- a) Engaging in dialogue with CSOs on the Bank's [Green Economy Transition](#) activities

The Bank has been involved in an ongoing dialogue over the years with CSOs regarding sustainable energy and resources. The implementation of the Bank's Green Economy Transition (GET) approach is of particular interest to CSOs, namely the way in which the EBRD aims to increase and measure the volume of its green financing. Going forward, the Bank will engage with CSOs more extensively in this regard, particularly in the context of the Civil Society Programme, but also through webinars and social media.

- b) Helping CSOs to promote sustainable energy and resources in their countries

Civil society around the globe has played an important role in advancing the climate change agenda through debate, research, lobbying and, more recently, by contributing to the SDGs and [Convention of Parties](#) (COP) developments. While some CSOs remain sceptical about the enhanced role of the private sector in these processes, others are seeking ways of cooperating with businesses. However, the ability of NGOs, academia and think tanks in the Bank's region to engage with the EBRD and our clients remains limited.

The Bank is partnering up with international CSOs and working with local and national CSOs to promote issues related to sustainable energy and resources, including residential energy efficiency, climate resilience and adaptation, sustainable transport, water and waste minimisation. These projects are also helping to secure contributions from major multilateral concessional funds, which increasingly require engagement with civil society stakeholders to be integrated into project proposals by implementing agencies.

For example, the Bank launched in 2016 a CSO capacity enhancement TC across several countries in the Western Balkans, SEMED and the Black Sea region. The TC aimed to foster knowledge and skills related to green logistics in professional associations, academic institutions and CSOs targeting young professionals in the transport sector.

This CSO engagement will be continued and stepped up in order to help contribute to the Bank's GET-related investment and policy dialogue efforts. It will also be aligned with the EBRD's revised transition concept, namely the quality of developing "green" market economies. For example, building on a pilot project in 2013-14 in Montenegro, which promoted awareness of energy savings through smart metering, the Bank approved in late 2016 another smart metering TC, initially in Bosnia and Herzegovina in 2017, to be expanded across the Western Balkans in 2018-19. Also, CSO capacity building projects will potentially be developed in relation to the Bank's investment projects in green cities, sustainable and safe transport and an integrated approach to waste management in the broader context of the circular economy.

3.5 Optimising and leveraging existing resources, products and processes

The roadmap will be implemented by using, maximising and adapting the Bank's existing resources.

3.5.1 *The EBRD's and CSEU's cooperation with international partners*

The Bank is cooperating with international climate finance bodies, most notably the Global Environmental Facility (GEF), Climate Investment Funds (CIFs) and the Green Climate Fund (GCF), all of which consider civil society engagement to be an important aspect of green finance. For example, the CSEU has engaged extensively with GEF Secretariat regarding its relationship with civil society, including its information policy and the role of CSOs and local community groups in the projects developed by GEF member governments and executing agencies.

The CSEU already has a good working relationship with IFIs and international organisations that work on the role of civil society in promoting economic inclusion, most notably with the World Bank, Union for the Mediterranean, UNDP, USAID, and those working on governance issues, such as the United Nations Office on Drugs and Crime (UNODC), OECD Anti-Corruption Network (CAN) and the Organization for Security and Co-operation in Europe (OSCE).

Lastly, the CSEU is sharing the Bank's experience and keeping pace with its counterparts in other IFIs through the IO/IFI Working Group on Civil Society Engagement, and is closely following the IFI Working Group on Information Disclosure and Stakeholder Engagement and other forums in order to take advantage of lessons learned by other institutions.

3.6 Measuring and reporting on results

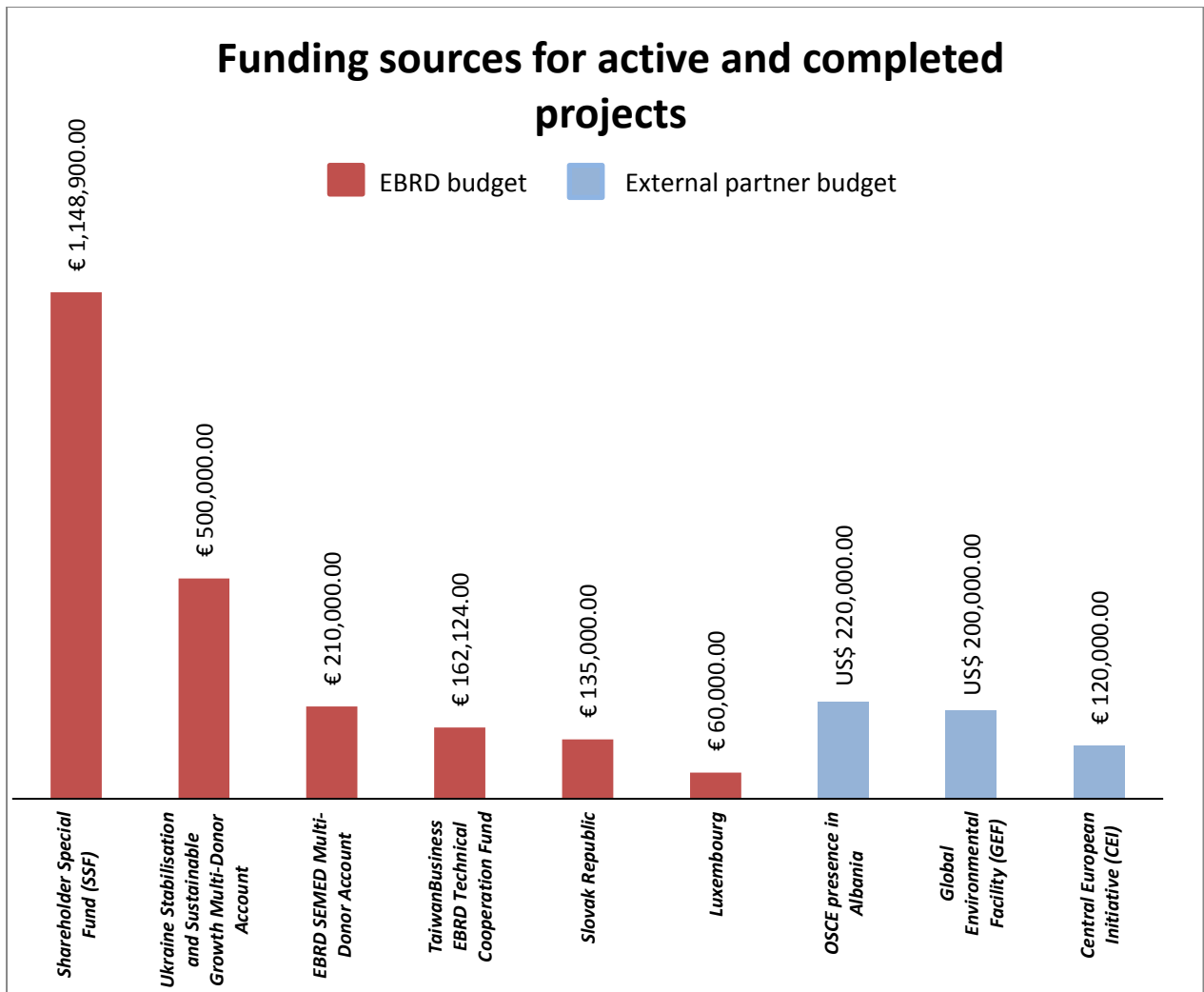
The EBRD will continue to report annually in its institutional reports, such as the *Annual Report, Donors and the EBRD, Sustainability Report* and the *PIP Implementation Report* – both quantitatively (on numbers and size of products, meetings, events, participants, TC projects and so on) and qualitatively using the results of surveys, evaluation questionnaires, CSO-led rankings and informal feedback from CSOs, staff, management and Board. When it comes to the Framework, the CSEU will continue to use the Bank's results management system for individual TCs.

3.7 Resource implications

3.7.1 *TC projects: funding and partnerships*

When it comes to the Framework, the CSEU has obtained most of its funding from the Shareholder Special Fund (SSF), followed by multilateral donor accounts (for Ukraine and SEMED), and finally from bilateral donors (Taipei China, the Slovak Republic and Luxembourg). The team continues to approach donors in the first instance while using the SSF as a last resort. The team has also managed to mobilise and blend external funding from GEF, OSCE and Central European Initiative (CEI).¹⁹

¹⁹ For example, on the anti-corruption project in Albania, the EBRD has contributed €195,000 and the OSCE presence in Albania has provided co-funding of US\$ 220,000. Also, on a project related to sustainable farming in Ukraine, the philanthropic arm of private sector clients Danone (Danone Ecosystem Fund) has contributed US\$ 215,000 in parallel funding.



Going forward, the team will explore possibilities of working with and leveraging financial resources from other potential partners dedicated to building the capacity of civil society in the EBRD region, including the European Commission, other bilateral and multilateral donors, international organisations, universities, private foundations and, of course, civil society groups themselves.