

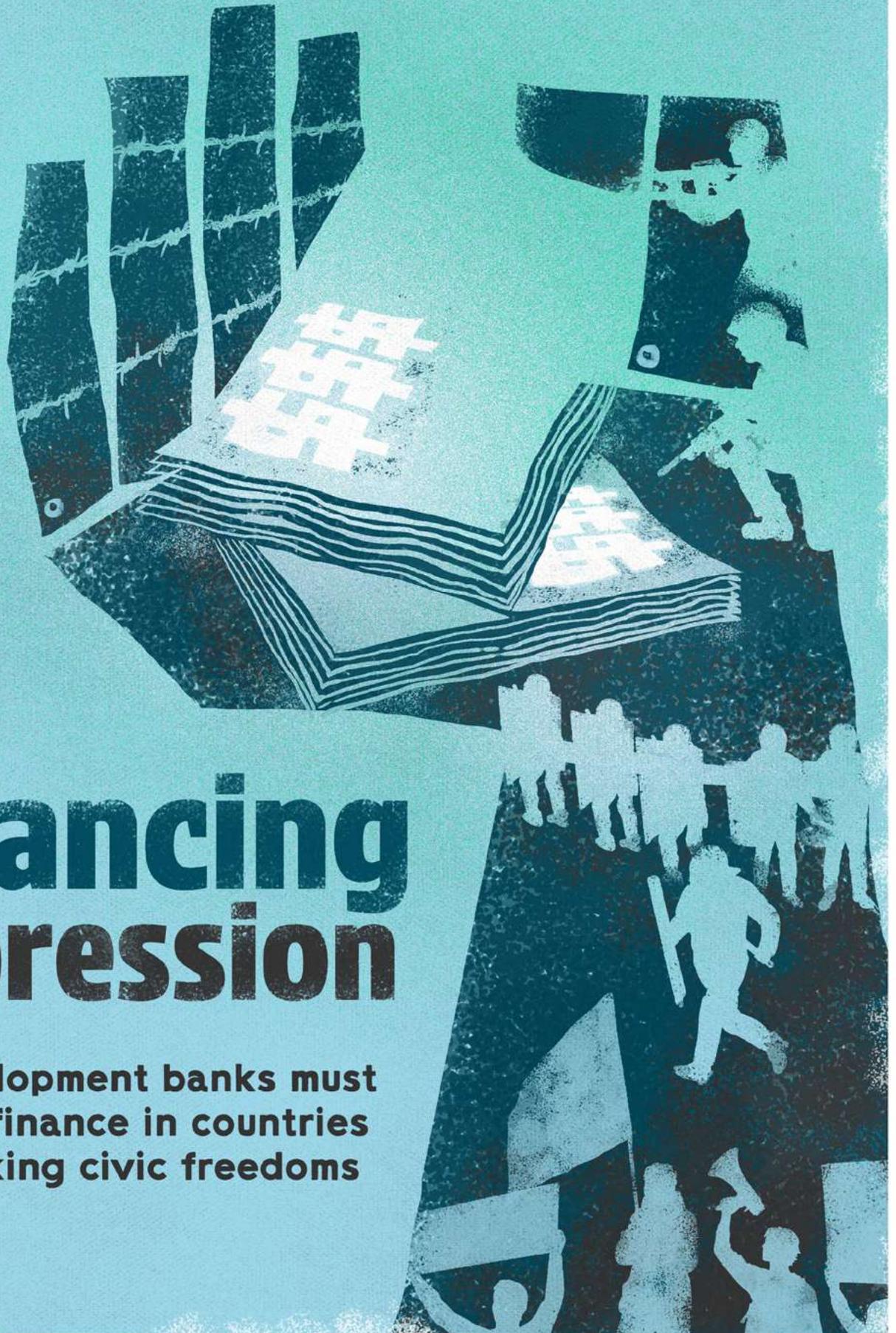


COALITION FOR HUMAN RIGHTS IN DEVELOPMENT

INTERNATIONAL
ACCOUNTABILITY PROJECT



Early Warning System



Financing Repression

Why development banks must
rethink finance in countries
blocking civic freedoms



Financing Repression

Why development banks must rethink finance in countries blocking civic freedoms

Coalition for Human Rights in Development, International Accountability Project and Early Warning System (December 2024)

This report was written by Dalile Antúnez, Collaborative Researcher at the Coalition for Human Rights in Development, using data compiled by the International Accountability Project (IAP) through the Early Warning System database.

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This report is an initiative of the [Defenders in Development Campaign](#), hosted by the Coalition for Human Rights in Development, which engages in capacity building and collective action to ensure that communities and marginalized groups have the information, resources, protection and power to shape, participate in, or oppose development activities, and to hold development financiers, governments and companies accountable.

More information: rightsindevelopment.org/financing-repression

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The Reality of Aid ASIA PACIFIC



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Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
CAF	Development Bank of Latin America
CSO	Civil Society Organization
DFC	US International Development Finance Corporation
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EU	European Union
FI	Financial Intermediary
FMO	Dutch entrepreneurial development bank
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
GCF	Green Climate Fund
JETP	Just Energy Transition Partnership
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IMF	International Monetary Fund
MIGA	Multilateral Investment Guarantee Agency
NDB	New Development Bank
NGO	Non-governmental organization
SLAPPs	Strategic Lawsuit Against Public Participation
UN	United Nations
WB	World Bank

Glossary

Civic space

According to the United Nations Office of the High Commissioner for Human Rights (OHCHR), civic space is “the environment that enables civil society to play a role in the political, economic and social life of our societies. In particular, civic space allows individuals and groups to contribute to policy-making that affects their lives, including by: accessing information, engaging in dialogue, expressing dissent or disagreement, and joining together to express their views.”

See: <https://www.ohchr.org/en/civic-space>.

Development Finance Institutions (DFIs)

Development Finance Institutions (DFIs) are national or international institutions that provide loans, grants and other types of financial or technical support for projects, activities and policies around the world. In this report, we will also interchangeably use the generic word ‘development banks’ or ‘banks’.

National DFIs receive money from the states that own them, while multilateral institutions often receive a contribution from each of their member countries, as well as additional funds from wealthier countries. Much of these funds come from public, taxpayer money, but DFIs may also raise money in other ways, such as charging interest on their loans. DFIs are owned and governed by governments and they generally have public interest missions, such as poverty alleviation and sustainable development.

To read more, see the report “Demystifying development finance” (Coalition for Human Rights in Development, September 2023) at: <https://rightsindevelopment.org/pdbs>.

Human Rights Defenders

According to the Declaration on Human Rights Defenders, adopted by the UN General Assembly in 1998, human rights defenders are “individuals or groups who act to promote, protect or strive for the protection and realization of human rights and fundamental freedoms through peaceful means.”

See: <https://www.ohchr.org/en/issues/srhrdefenders/pages/declaration.aspx>.

Retaliation

In this report, the terms ‘retaliation’ and ‘reprisal’ will be used interchangeably to indicate any type of intimidation or attack against human rights defenders and community members who are targeted for expressing their opinion, raising concerns, criticizing or opposing a development project. Reprisals can include different types of targeted attacks, such as: defamation or stigmatization campaigns, harassment, intimidation, threats, arrests, detention, criminalization, SLAPPs, travel or work bans, extortion, unfair administrative measures, gender-based violence, attacks on livelihoods, attacks on properties, physical attacks, maltreatment, torture, kidnapping, enforced disappearance, and killings.

Executive Summary

Around the world, development finance institutions (DFIs) are heavily investing in highly repressive contexts, where people cannot publicly voice their concerns, and civil society groups are unable to operate freely. “Financing Repression: Why development banks must rethink finance in countries blocking civic freedoms” combines quantitative analysis of DFIs’ investments and case studies to reveal the extent to which development banks are funding projects in countries with closed civic space. The report explains why civic space restrictions are a critical concern, and outlines a series of recommendations that DFIs should follow before approving such projects.

The first part of the report uses data from the civil society-led database Early Warning System (EWS) to analyze DFIs’ investments in countries with closed civic space. From 2019 to 2023, 13 DFIs financed a total of at least US\$ 88 billion through 1058 projects in 18 countries where civic space was closed during those five years (according to the ranking by the international organization CIVICUS).¹

In the second part – through five case studies analyzing the situation in Azerbaijan, Egypt, Tajikistan, Uzbekistan and Vietnam – the report illustrates how civic space restrictions pose serious risks for human rights defenders and project-affected communities who speak out about activities funded by DFIs.



**13 development
banks**



**1058 single-country
projects**



**US\$ 88 billion
in 5 years**



**18 countries with
closed civic space**

¹ Details on the Early Warning System, the CIVICUS monitor, and how the data around the investments was analyzed in this report can be found in the Methodology section at [page 14](#).



Development banks are financing repressive regimes, ignoring the risks of approving multi-million projects in contexts where people cannot meaningfully participate and raise their voices.

Despite concerns raised by local and international organizations, development banks continue approving projects in countries where they cannot ensure the right to participation or uphold commitments to stakeholder engagement.

Finally, we present a set of recommendations – developed in consultation with civil society actors working in restrictive contexts – that outline practical steps for DFIs to assess civic space restrictions and mitigate the risks for human rights defenders and local communities. Although this report focuses on the most oppressive environments (as further explained in the methodology section), most recommendations are broadly applicable across DFIs' portfolios.

Civil society groups working in countries with closed civic space have varying perspectives on whether DFIs should invest in such contexts or not, and under what conditions. However, they all point to the need for development banks to exercise extreme caution, to conduct a thorough risk analysis recognizing civic space restrictions as operational risks, and to consult human rights organizations to understand how and to what extent banks can guarantee the meaningful participation of affected communities.

Introduction

DFIs are among the most influential actors in the global economy.² From the policies they promote to the standards they set, they have the power to shape the social and economical context in the areas where they operate. When they invest in countries with authoritarian regimes, without effective measures to ensure affected communities and civil society can safely have their say, they are contributing to fueling repressive systems that silence any critical voice.

DFIs' response to threats to civic space should not be based on the need to meet investment targets or the geopolitical interests of their shareholders, but rather on their commitment to sustainable development, the universal principle of participation, and respect for human rights and democracy.

Around the world, civic space is shrinking.³ According to the latest data gathered by the international organization CIVICUS, 118 out of 198 countries are experiencing severe restrictions in fundamental freedoms in 2024 and “almost a third of the world’s population now lives in countries with closed civic space.”⁴ This is the highest percentage since 2018, when CIVICUS began systematically tracking civic space conditions around the world. In these contexts, people face barriers to accessing information, raising concerns, denouncing adverse impacts or shaping development projects.

² “Demystifying Development Finance: How public development finance impacts peoples and the planet”, Coalition for Human Rights in Development, (*hereinafter* “*Demystifying Development Finance*”), September 2023, <https://rightsindevelopment.org/pdbs>.

³ According to the report “Defiance in the Face of Autocratization – Democracy Report” (University of Gothenburg: Varieties of Democracy (V-Dem) Institute, 2023), “72% of the world’s population – 5.7 billion people – live in autocracies by 2022.” See more at: https://www.v-dem.net/documents/29/V-dem_democracyreport2023_lowres.pdf.

According to the Democracy Index 2022 (Economist Intelligence Unit, 2023), only 14.4% of countries are full democracies, 35.3% are authoritarian regimes, and in between 50.3% are flawed democracies or hybrid regimes. See more at: <https://www.eiu.com/n/campaigns/democracy-index-2022>.

⁴ “People Power Under Attack 2023”, CIVICUS Monitor, December 2023, <https://civicsmonitor.contentfiles.net/media/documents/Global-Findings2023.pdf>

In recent years, numerous civil society organizations (CSOs) have documented a global trend of increased restrictions on civic space, impacting freedoms of expression, assembly, association, and other fundamental rights.⁵

Growing civic space restrictions aggravate existing challenges to meaningful participation in the context of DFI-funded projects. In the most restrictive contexts,

any real or perceived criticism of government policies, actions or projects where there is a direct or vested interest – including activities supported by DFIs – risk leading to retaliation. This includes criminalization, arbitrary arrests, harassment, persecutions, or – in the most extreme cases – killings. Consequently, self-censorship is widespread as people fear reprisals for daring to speak out.

Civic space is defined as the respect in law and practice for freedoms of association, peaceful assembly and expression.

According to CIVICUS, civic space is classified as ‘closed’ when “there is complete closure – in law and in practice – of civic space. An atmosphere of fear and violence prevails, where state and powerful non-state actors are routinely allowed to imprison, seriously injure and kill people with impunity for attempting to exercise their rights to associate, peacefully assemble and express themselves. Any criticism of the ruling authorities is severely punished and there is virtually no media freedom. The internet is heavily censored, many websites are blocked and online criticism of power holders is subject to severe penalties.”

⁵ See e.g.: “World Report 2023”, Human Rights Watch, January 2023, <https://www.hrw.org/world-report/2023>; and “The State of the World’s Human Rights”, Amnesty International, April 2024, <https://www.amnesty.org/en/documents/pol10/7200/2024/en/>.



Over the years, major development banks have adopted commitments, safeguards and policies to ensure the participation of people affected by their projects. Some of them have also adopted statements of zero tolerance to reprisals, and specific regulations or guidelines to evaluate retaliation risks prior to the approval of projects.⁶

Yet, multiple reports indicate significant gaps in how these policies or frameworks are formulated and implemented. Often, development banks fail to adequately assess retaliation risks, adopt prevention measures, and respond to cases of retaliation.⁷

These shortcomings are especially evident in countries with closed civic space, where even minimum standards related to participation are unattainable. In such contexts, development banks' commitments towards stakeholder engagement and the right to participation turn into a mere facade.

Because of the worrying global trend towards shrinking civic space and eroding democracy, it is imperative to bring these issues to the forefront of discussions around public financing for development. This report aims to demonstrate why it is essential for development banks to systematically and consistently address restrictions on civic space in their countries of operation.

⁶ See e.g. the analysis of DFIs' policies in the report "Misplaced Trust: Why development banks should not rely on their clients to address reprisal risks", Coalition for Human Rights in Development, (*hereinafter* "Misplaced Trust"), July 2023, <https://rightsindevelopment.org/misplaced-trust>.

⁷ See e.g.: "Wearing Binders: How development banks are ignoring reprisal risks", Coalition for Human Rights in Development, (*hereinafter* "Wearing Binders"), June 2022, <https://rightsindevelopment.org/wearing-blinders>; "Who pays the costs of development", Bank Information Centre, Plataforma Internacional contra la Impunidad and Jotay, January 2021, https://bankinformationcenter.cdn.prismic.io/bankinformationcenter/cd7ccd08-bf48-4379-ad3c-e853bbaeb282_ENG-Quienes+pagan+los+costos+del+Desarrollo.pdf; "Uncalculated Risks: Threats and attacks against defenders and the role of development financiers", Coalition for Human Rights in Development, (*hereinafter* "Uncalculated Risks"), May 2019, <https://rightsindevelopment.org/uncalculated-risks>; and "Key trends and shortcomings in community engagement on high risk EBRD projects", CEE Bankwatch Network, May 2024, https://bankwatch.org/wp-content/uploads/2024/05/2024_05_Key-trends-and-shortcomings-in-community-engagement-on-high-risk-EBRD-projects-2.pdf.

Key arguments: why DFIs should take civic space issues seriously

All major multilateral development banks have policies in place that require stakeholder engagement. However, in closed civic spaces, affected communities, human rights defenders and civil society groups cannot freely and safely express their opinion, and development banks cannot uphold their own institutional requirements with regard to public consultations and consent. In such contexts, consultation processes become ineffective box-ticking exercises, while project-affected people

struggle to access or effectively use banks' complaint mechanisms.⁸

Civic space restrictions also prevent development banks from fulfilling their stated mission and achieving their development objectives. As argued in the report "Development Needs Civil Society", without a fully engaged civil society the Sustainable Development Goals (SDGs) are bound to fail.⁹

3 reasons why a healthy civic space is critical for development:



It enables people to **actively and safely participate** in consultation processes, which are required under DFI policies and international standards.



It ensures more **inclusive, effective and safer** development projects that better meet the needs of people in marginalized situations.



It allows for improved oversight of resource allocation, strengthening **transparency and accountability**.

⁸ According to the data available in a database managed by the international NGO Accountability Counsel, during the period under analysis only 28 complaints were submitted to eight independent complaint mechanisms, in six out of the 18 countries analyzed. For further information, see the Accountability Console at: <https://accountabilityconsole.com>.

⁹ "Development Needs Civil Society: The Implications of Civic Space for the Sustainable Development Goals" (*hereinafter* "Development Needs Civil Society"), ACT Alliance, April 2019, <https://actalliance.org/act-news/development-needs-civil-society-the-implications-of-civic-space-for-the-sustainable-development-goals>.



- **Lack of participation:** they prevent civil society from contributing to a more inclusive and sustainable development model, limiting or eliminating opportunities to shape policies and practices, identify the potential negative environmental and social impacts, and define measures to help avoid or mitigate those impacts.
- **Inequality:** According to the UN “leave no one behind” principle,¹⁰ governments should address the needs of the most marginalized populations. But violations of fundamental freedoms further increase inequality, discrimination and marginalization of certain groups (including Indigenous Peoples, women, people with disabilities, urban and rural poor, youth, etc.), as their voices risk remaining unheard and their needs unaddressed.
- **Violations of Indigenous Peoples’ rights:** in the case of projects impacting Indigenous Peoples, the legal requirement of respecting their free, prior and informed consent cannot be enforced if their voices are excluded from key decision-making processes.
- **Lack of transparency and public trust:** violations of fundamental freedoms can limit or prevent civil society groups from monitoring development activities, demanding transparency, producing and analyzing information of public interest, and pushing for accountability and efficient use of resources. The lack of scrutiny and information about development projects, in turn, can decrease public trust and increase social tensions.
- **Corruption:** anti-corruption activists and journalists investigating allegations of corruption face particularly high risks of reprisals. When they are silenced, there is higher risk of misuse of funds and corruption.¹¹

Finally, when DFIs support activities in countries run by authoritarian regimes, they also risk increasing their perceived legitimacy and improving their public image. As DFIs play a powerful role in setting global standards and priorities, their investments can also send a reassuring signal to the private sector and contribute to increasing the economic power of authoritarian regimes.¹²

¹⁰ See more in the UN Sustainable Development Group website: <https://unsdg.un.org/2030-agenda/universal-values/leave-no-one-behind>.

¹¹ According to ACT Alliance, “the weakening of civil society may increase a permissive culture of corruption among elite groups without sufficient checks and balances. Not only could this erode trust in governance, but it could also trigger significant economic, food and political crises.” See more in the report “[Development Needs Civil Society](#)”.

¹² See e.g.: “Demystifying Development Finance”, Coalition for Human Rights in Development, September 2023, pp 30-33, <https://rightsindex.org/pdbs>.

Methodology

The first section of this report presents the number and volume of projects financed by major development banks over five years (2019-2023), in the 18 countries that were ranked as having a closed civic space during this entire period.

The data on these projects was gathered through the EWS, a database managed by a group of international and national organizations that collects, reviews and verifies information about projects disclosed and proposed for financing by 15 major public development banks.¹³ The EWS database tracks projects supported by these major DFIs: African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), Development Bank of Latin America (CAF), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Green Climate Fund (GCF), IDB Invest, Inter-American Development Bank (IDB), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), Netherlands Development Finance Company (FMO), New Development Bank (NDB), US International Development Finance Corporation (DFC), and World Bank (WB).

The list of countries ranked as having closed civic space over the last five years, according to the CIVICUS Monitor ranking, includes: Azerbaijan, Bahrain, China, Cuba, Djibouti, Equatorial Guinea, Egypt, Eritrea, Iran, Laos, North Korea, Saudi Arabia, Syria, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.¹⁴

To ensure more consistent data analysis, the section about DFIs' investments does not include countries that had closed civic space only during some of the years in the 2019-2023 timeframe (such as Afghanistan, Bangladesh and Tajikistan, which were only downgraded to "closed" after 2019).

Moreover, in defining countries with closed civic space, we specifically refer to the CIVICUS Monitor ranking to ensure consistency. However, we acknowledge that other human rights organizations monitoring civic freedoms around the world may assess some countries differently.

¹³ The EWS Team is composed of staff from the International Accountability Project and co-administrators from different partner organizations. A partial list of partners organizations and groups is available at <https://ews.rightsindevelopment.org/people/partners>. Some partners are not listed for security and strategy reasons. In Latin America and the Caribbean, the EWS is co-administered by a network composed of Cohesión Comunitaria e Innovación Social (CCIS), Colectivo sobre Financiamiento e Inversiones chinas, Derechos Humanos y Ambiente (CICDHA), Fundación para el Desarrollo de Políticas Sustentables (FUNDEPS), Instituto Maira, Inter-American Association for Environmental Defense (AIDA), Sustentarse and Plataforma Internacional Contra la Impunidad (PICI). More than 400 civil society organizations and community-based groups around the world are participating to distribute and exchange project information and resources to communities nearest the proposed or existing project. Further information is available at: <https://ews.rightsindevelopment.org>.

¹⁴ "Global Findings 2023", CIVICUS Monitor, 2023, <https://civicusmonitor.contentfiles.net/media/documents/GlobalFindings2023.pdf>.

Methodological notes on investment data

- **Investment amount:** this refers to the specific amount earmarked by each bank, rather than the total project cost that could receive co-financing from other sources. All amounts were converted into US dollars (US\$). It is important to note that for many projects, information on the total amount invested is not available.
- When information about **canceled and/or dropped investments** was available on the banks' websites, these projects were excluded from the dataset (e.g.: when a project in the pipeline was dropped after being proposed or when the public/private client exited a project before the end of the contract).
- **Single country vs multi-country:** Development projects can cover one or more countries. In this report, we refer to single-country projects unless otherwise specified. In some sections, we also analyze multi-country projects that cover at least one of the 18 countries with closed civic space. However, for most of these projects there is no public information on the exact investment amount assigned to each country. Moreover, this analysis does not cover regional or global projects that do not identify specific countries.
- **Duplications:** The total data for multi-country projects includes some duplications, because some multi-country projects are implemented in two or more countries with closed civic space. For example, if one multi-country project is implemented in Azerbaijan and Uzbekistan, this will count as two projects in the total figure, which sums the multi-country investments in each of the 18 countries with closed civic space.
- **Timeframe:** the analysis includes projects that were tracked by the EWS database between 1 January 2019 and 31 December 2023. This timeframe largely aligns with the disclosure date published by development banks, when this information is available.
- **Proposed vs approved:** the analysis includes 146 projects (out of 1058 investments) that have been proposed but not approved yet as of August 2024.
- **Risk category:** DFIs use different ratings and criteria to determine the risk categories for the projects they fund. To facilitate data comparability, the EWS standardizes the data under categories A, B and C across all DFIs (with A representing the highest risk projects and C the lowest risk).

About the Early Warning System

The EWS database is the first web-based civil society-led initiative to organize, summarize and standardize projects from 15 development finance institutions, with updates occurring daily. To date, the database holds more than 30,000 investments proposed since January 2016 and the roles of more than 12,000 private actors. It tracks project information relevant to the identification of potential human rights violations that these projects may cause, such as sectors, investment amounts, risk category, approval dates and other information. This information is reviewed, updated and shared with partners, including civil society organizations and communities.

For further information about the Early Warning System, see:
<https://ews.rightsindevelopment.org>

About the CIVICUS Monitor

CIVICUS is a global alliance of CSOs and activists dedicated to strengthening citizen action and civil society. Through its CIVICUS Monitor, a collaborative research initiative led by a network of more than 20 partners, every year it tracks and comprehensively assesses the state of freedom of association, peaceful assembly and expression in 198 countries. This analysis is based on both quantitative and qualitative data, gathered from CSOs, researchers, international human rights indices and CIVICUS experts.¹⁵ Information provided by local civil society has a stronger influence than data from other sources. The research is also reviewed by an independent panel of civil society experts. Based on this analysis, each country is then assigned a rating: open, narrowed, obstructed, repressed or closed.

For further information about CIVICUS Monitor, see: <https://monitor.civicus.org/>

Case studies

In the second part of this report we present five case studies illustrating how civic space restrictions impact human rights defenders who express their opinions about development projects. For these case studies, we relied on reports produced by CSOs and press articles. For the documentation of the case study in Egypt, we also interviewed human rights defenders, but for security considerations their identities remain undisclosed.

¹⁵ “Global Findings 2023”, CIVICUS Monitor, available at: <https://civicusmonitor.contentfiles.net/media/documents/GlobalFindings2023.pdf>. A more detailed explanation of the CIVICUS monitor methodology can be found here: <https://civicusmonitor.contentfiles.net/media/documents/MethodologyPaperFebruary2024.pdf>.

How much are DFIs investing in countries with closed civic space?

Investment amounts

Total: US\$ 87.9 billion

Number of projects

Total: 1,058 projects

Development banks

ADB - Asian Development Bank	FMO - Dutch entrepreneurial development bank
AfDB - African Development Bank	GCF - Green Climate Fund
AIIB - Asian Infrastructure Investment Bank	IFC - International Finance Corporation
DFC - US International Development Finance Corporation	IMF - International Monetary Fund
EBRD - European Bank for Reconstruction and Development	MIGA - Multilateral Investment Guarantee Agency
EIB - European Investment Bank	NDB - New Development Bank
	WB - World Bank

Syria

- US\$ 100 million
- 2 projects
- WB

Egypt

- US\$ 22,006 million
- 214 projects
- AfDB, AIIB, DFC, EBRD, EIB, FMO, IFC, MIGA, WB

Cuba

- US\$ 62 million
- 2 projects
- GCF

Saudi Arabia

- US\$ 25 million
- 1 projects
- FMO

Eritrea

- US\$ 78 million
- 4 projects
- AfDB

Equatorial Guinea

- US\$ 40 million
- 4 projects
- AfDB, DFC

Djibouti

- US\$ 784 million
- 39 projects
- AfDB, EIB, FMO, IFC, MIGA, WB

Yemen

- US\$ 2,926 million
- 31 projects
- WB, IFC, FMO

United Arab Emirates

- US\$ 15 million
- 2 projects
- IFC

Azerbaijan

- US\$ 2,355 million
- 43 projects
- ADB, AIIB, EBRD, FMO, IFC, WB

Iran

- US\$ 512 million
- 4 projects
- WB, MIGA

Turkmenistan

- US\$ 222 million
- 16 projects
- MIGA, WB

Uzbekistan

- US\$ 19,787 million
- 252 projects
- ADB, AIIB, DFC, EBRD, EIB, FMO, IFC, MIGA, WB

China

- US\$ 29,272 million
- 257 projects
- AIIB, ADB, EIB, IDB, IFC, FMO, NDB, WB

Laos

- US\$ 1,681 million
- 53 projects
- ADB, AIIB, EIB, FMO, GCF, IFC, MIGA, WB

Vietnam

- US\$ 8,117 million
- 134 projects
- ADB, AIIB, DFC, FMO, GCF, IFC, MIGA, WB

North Korea
No data

Bahrain
No data

Analysis of DFIs' investments in countries with closed civic space

Analysis of DFIs' investments in countries with closed civic space

In the following section, based on data from the EWS database, we provide an overview and key findings on the volume and types of investments made by major DFIs in countries with closed civic space. In particular, we analyze:

- how much, where and in which sectors DFIs are investing;
- which risk categories are assigned to the projects;
- the level of transparency around project information, with a focus on technical cooperation projects and multi-country projects.

The data analyzed below show that DFIs are heavily investing in countries with closed civic space, particularly China, Vietnam, Egypt and Uzbekistan. The available data also reveal a concerning lack of transparency for many of these investments (7% of projects, including both single and multi-country, do not indicate the exact amount allocated).

Moreover – despite civic space restrictions – DFIs appear to be underestimating risks of operating in such contexts: more than half of all projects (including single and multi-country ones) do not disclose the risk category, while 9% are considered low-risk.



How much are DFIs investing in countries with closed civic space?

From 2019 to 2023, 13 development banks financed 1058 single-country projects in the 18 countries ranked as having closed civic space during this 5-year period, for a total investment of at least US\$ 88 billion.

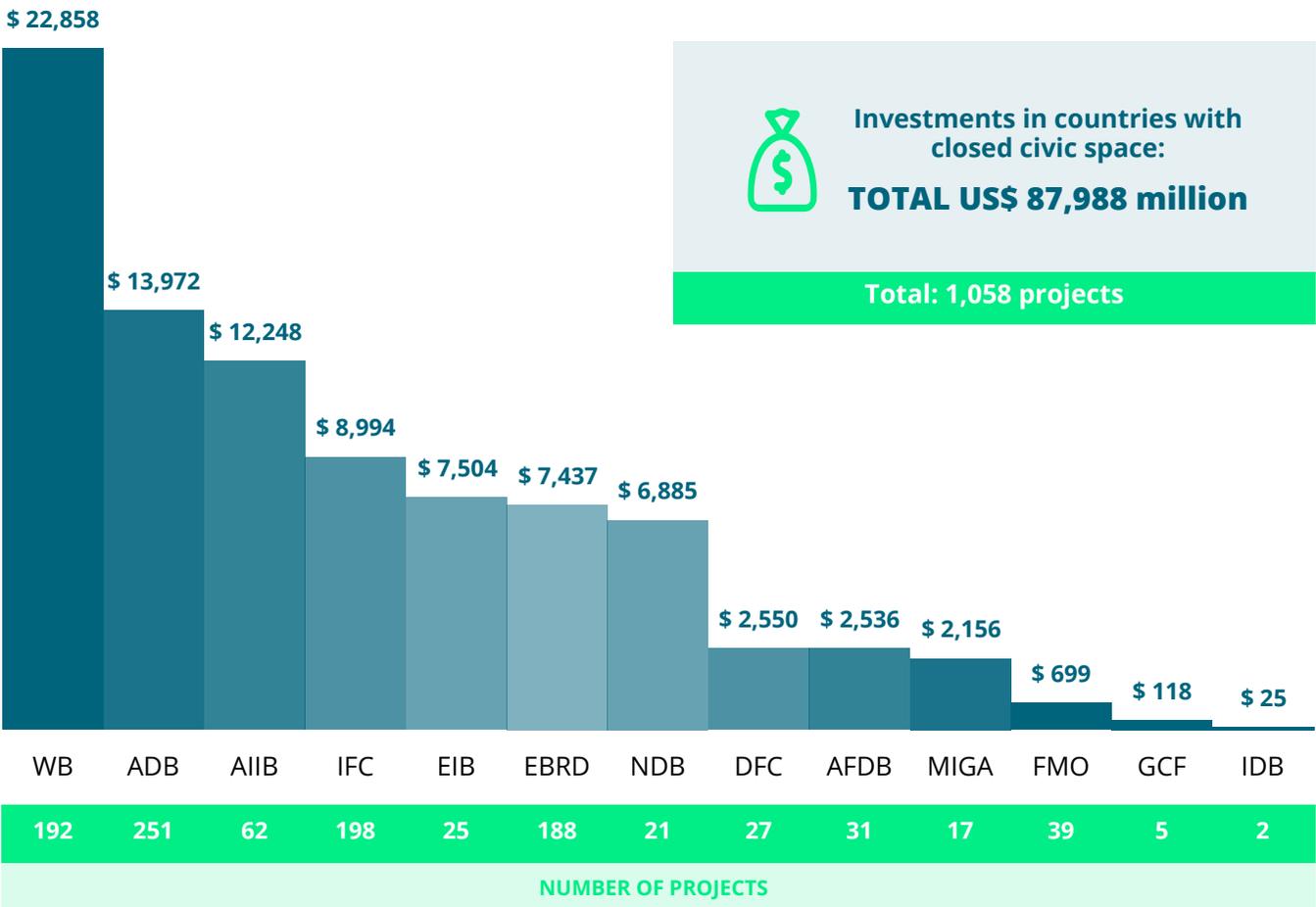
This amount could be higher (over US\$ 100 billion) if we also consider the 291 multi-country projects covering at least one country with closed civic space, which amount to US\$ 13 billion. Moreover, 49 single-country projects do not indicate the investment amount.

Who is investing in countries with closed civic space?

- The five DFIs investing the highest amount of resources in countries with closed civic space are: World Bank, ADB, AIIB, IFC, and EIB.
- The World Bank alone provides more than a quarter of the total investments in countries with closed civic space.
- IDB Invest and CAF are the only two DFIs that did not approve single-country projects in any of the 18 countries with closed civic space in the last five years.
- Some of these DFIs (such as the ADB, AfDB, CAF and IDB) have a regional scope. It is important to consider that, of the 18 countries with closed civic space considered in this report, seven are in Asia, four in Africa, five in the Middle East and only one in Latin America.

How much are different DFIs investing in countries with closed civic space

INVESTMENTS IN COUNTRIES WITH CLOSED CIVIC SPACE (US\$ MILLION)



Where are DFIs investing the most among countries with closed civic space?

- China, Egypt, Uzbekistan and Vietnam are the four countries that received the most resources (almost 90% of the total investments).¹⁶
- Bahrain and North Korea are the only two countries that did not receive any funds.¹⁷
- In 2023, Uzbekistan was the country that received the largest amount of investments, totaling US\$ 3,960 million from the following development banks: World Bank (US\$ 1,046 million), EBRD (US\$ 1,000 million), AIIB (US\$ 840 million), ADB (US\$ 755 million), IFC (US\$ 255 million) and FMO (US\$ 93 million).
- In 2023, Uzbekistan, Laos, Djibouti and Egypt had the highest investments per capita.
- Uzbekistan, Djibouti and Yemen are the countries with the highest investments compared to their Gross Domestic Product (GDP). Especially in such contexts, where DFIs' investments significantly contribute to the countries' GDP, development banks have greater leverage and could coordinate among themselves to better use this leverage to promote an enabling civic space.



¹⁶ If we include multi-country projects, China, Egypt, Uzbekistan and Vietnam remain the four countries with the highest amount of investment.

¹⁷ Bahrain, however, is the beneficiary of two multi-country projects funded by the AIIB.

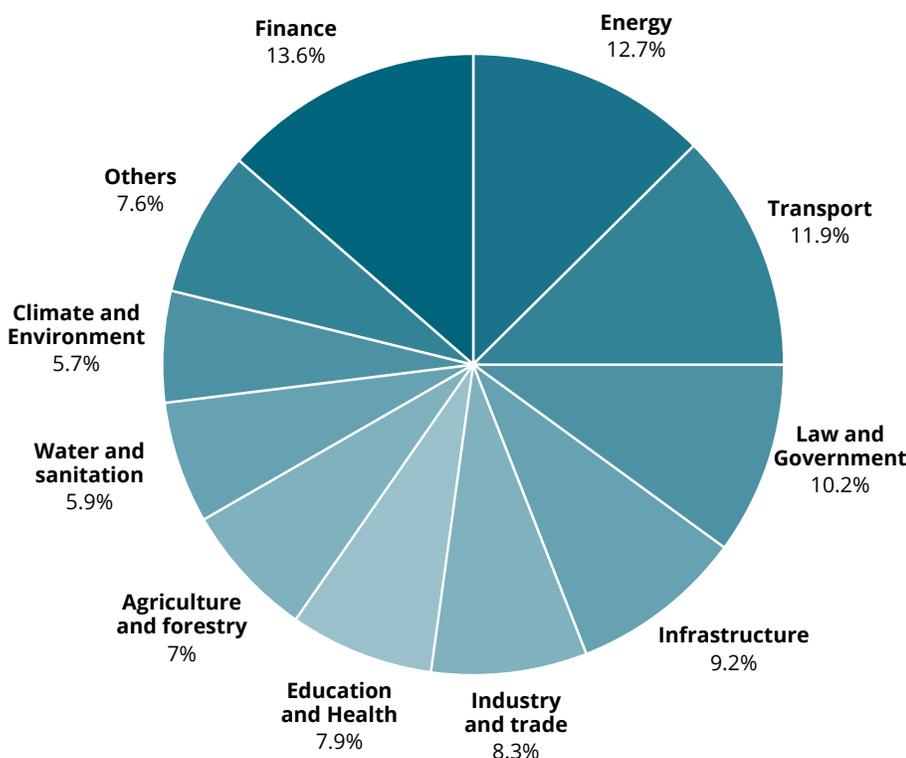
Country	Investment amount in 2019-2023 (US\$ million)	Number of projects	Percentage out of the total investments in the 18 countries	Investment per capita	Percentage of investments compared to GDP ¹⁸
China	29,272	257	33.3%	20.61	0.16%
Egypt	22,006	214	25%	192.13	5.56%
Uzbekistan	19,787	252	22.5%	555.03	21.77%
Vietnam	8,117	134	9.2%	80.88	1.89%
Yemen	2,926	31	3.3%	74.30	13.55%
Azerbaijan	2,355	43	2.7%	228.27	3.26%
Laos	1,681	53	1.9%	219.26	10.62%
Djibouti	784	39	0.9%	682.41	19.15%
Iran	512	4	0.6%	5.65	0.13%
Turkmenistan	222	16	0.3%	30.20	0.37%
Syria	100	2	0.1%	4.23	1.11%
Eritrea	78	4	0.1%	22.65	3.81%
Cuba	62	2	0.1%	5.63	0.06%
Equatorial Guinea	40	4	0.05%	22.15	0.34%
Saudi Arabia	25	1	0.03%	0.75	0%
United Arab Emirates	15	2	0.02%	1.40	0%

¹⁸ These figures are based on the most recent annual GDP value, available in the World Bank website at: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_year_desc=true.

What are the most funded sectors?

- In the 18 countries with closed civic space, the most funded sectors are finance (13.6%), energy (12.7%), transport (11.8%), law and government (10.2%), and infrastructure (9.2%).
- The most funded sector is the financial sector. This comes at the expense of other sectors (such as water, sanitation or humanitarian response), that are more directly linked to the needs of people in vulnerable situations but receive less funding.
- The energy and transport sectors together amount to almost a quarter of the total investments. Frequently, projects in these sectors require the use of a large amount of natural resources and land, often leading to serious environmental and social impacts. In repressive contexts, civic space restrictions contribute to exacerbating the already high contextual risks.

DFIs' investments by sector



Sector	Total investment (US\$ million) ¹⁹
Finance	19,727
Energy	18,455
Transport	17,218
Law and Government	14,860
Infrastructure	13,337
Industry and trade	12,085
Education and Health	11,168
Agriculture and forestry	10,127
Water and sanitation	8,621
Climate and Environment	8,330
Construction	3,982
Technical cooperation	3,424
Humanitarian Response	1,484
Communications	1,477
Hydropower	515
No category	171
Mining	0.2

¹⁹ The EWS database tracks the different sectors covered by each project. Some projects cover more than one sector. In those cases, the project investment is counted for each of the assigned sectors.

How risky are the projects in countries with closed civic space?

To determine which type of social and environmental safeguards to apply throughout the project cycle, most development banks categorize projects according to their risk level. However, not all DFIs disclose the criteria used to define the risk category, and some projects (such as technical cooperation) are often excluded from the risk rating process.

Severe civic space restrictions significantly increase project risks. However, DFIs frequently fail to take these types of risks into account when evaluating projects. At best, they limit themselves to the assessment of other social and environmental risks (such as forced resettlements, loss of livelihoods, etc.), which also require the safe participation of all interested parties, including affected stakeholders, in order to be adequate. Therefore, if DFIs were to comply with their policies on stakeholder engagement and commitments on zero tolerance for reprisals, they should consider all projects in countries with closed civic space as high risk.

DFIs apply even weaker due diligence standards for projects implemented through financial intermediaries, which are financial institutions (usually, commercial banks or private equity funds) that receive money from

development banks, and then pass those funds on to other clients or projects. Although safeguards still apply, in these cases the oversight is typically delegated to the intermediary, and the banks only conduct an analysis of the environmental and social management systems implemented. Moreover, the lack of information and disclosure around projects implemented through financial intermediaries means that there is very little accountability of DFIs for the harmful impacts of the projects they finance.

- There is a lack of transparency regarding risk ratings: for more than half of single and multi-country investments (51.3%) the risk category is unknown (including projects implemented through financial intermediaries).
- Among single and multi-country investments that disclose the risk category, 156 (10.2%) are high risk, 444 (29.1%) are medium risk, and 142 (9.3%) are low risk.
- There are 218 projects implemented through financial intermediaries, totaling US\$ 14,340 million.

Lack of transparency

- Out of 1058 projects, 78 (7.3% of the total) do not indicate the amount of the investment and 33 of these are technical cooperation projects.
- Egypt and Uzbekistan have the highest number of projects that do not disclose information on the amount of investment (24 and 21 projects respectively), which together account for 58% of investments with no transparency about the allocated project amount.

Technical cooperation projects

Technical cooperation project

Technical cooperation projects involve financing different activities, such as sending experts and consultants to advise on specific issues and policies, drafting reports, building knowledge or capacity building and training, aimed at providing countries or companies with the technical expertise they need to promote specific development goals.

The use of technical cooperation projects in countries with closed civic space suggests that DFIs can exert enormous influence, as they have the power to advise these countries around laws, policies and institutions. Therefore, as indicated in the Recommendations section of this report, they can also potentially use this leverage to push borrowing countries to open civic space.

- 143 out of 1058 single-country projects (13%) and 100 out of 291 multi-country projects (34%) include technical cooperation.
- It is worth noting that DFIs do not apply environmental and social safeguards to technical cooperation projects.

Country	Single-country projects	Multi-country projects	Total
Azerbaijan	8	33	41
China	45	20	65
Cuba	0	4	4
Djibouti	3	1	4
Egypt	30	4	34
Equatorial Guinea	1	0	1
Laos	6	22	28
Turkmenistan	2	28	30
United Arab Emirates	1	0	1
Uzbekistan	29	44	73
Vietnam	16	27	43
Yemen	2	0	2
Total	143	183	326

Multi-country projects

DFIs channel significant resources to countries with closed civic space through multi-country projects. A concerning lack of public data prevents us from accurately calculating the extent of DFIs' investments in countries with closed civic space through multi-country projects. However, it is crucial to consider multi-country investments as they significantly affect the total amount of funds disbursed.

- In addition to 1058 single-country projects, there are 291 multi-country projects implemented in at least one of the 18 countries with closed civic space.
- Many of these multi-country projects do not disclose the investment amount or fail to specify the amount assigned to each country.
- The total amount invested in multi-country projects is at least US\$ 13,000 million (14.8% of the total investment in the 18 countries with closed civic space).
- IFC, ADB and DFC are the primary institutions supporting multi-country projects (comprising 56% of total multi-country investments).

	Number of projects	Investment amount (US\$ million)
Single-country investments	1,058	87,988
Multi-country investments	291	13,027
Total	1,349	101,016

Multi-country investments in countries with closed civic space	Investment amount (US\$ million)	Percentage (out of the total multi-country investments)
IFC	3,411	26.19%
ADB	2,176	16.70%
DFC	1,731	13.29%
EIB	1,449	11.12%
MIGA	1,322	10.15%
GCF	1,026	7.88%
EBRD	716	5.50%
AIIB	618	4.74%
AFDB	310	2.38%
WB	252	1.94%
FMO	11	0.09%
IDB	2	0.02%
NDB	0	0%

Civic space restrictions: a global problem

According to CIVICUS, as of 2023 there are 43 countries where civic space is rated as narrowed, 40 as obstructed, 50 as repressed and 28 as closed. Although this report focuses only on countries with the most extreme restrictions to civic space, it is important to recognize that there are serious obstacles to meaningful participation even where civic space isn't fully closed, as illustrated in the examples below.²⁰

- **Brazil** | In 2020, the government adopted a decree that excluded civil society from the Deliberative Council of the National Environment Fund, responsible for managing socio-environmental projects and initiatives. Previously, the Council included five representatives of environmental CSOs, among other regional representatives.²¹
- **Cambodia** | The government is increasingly restricting civic freedoms (including freedom of movement, assembly and expression) and intimidating communities, human rights defenders and non-governmental organizations (NGOs) — especially those defending land rights and natural resources, often in connection with projects supported by development banks.²²
- **El Salvador** | Human rights defenders opposing urban development projects face disproportionate persecution, with construction companies filing criminal lawsuits against them.²³
- **France** | In 2023, police repressed mass protests, using excessive force and arresting hundreds of people demonstrating against the proposed pension reform.²⁴

²⁰ See e.g. the cases highlighted in the cross-border investigation “The Real Free Speech Threat”, Drilled, last updated in August 2024: <https://drilled.media/investigations/the-real-free-speech-threat>.

²¹ “Civic Freedom Monitor – Brazil”, International Center for Not-for-Profit Law (ICNL), <https://www.icnl.org/resources/civic-freedom-monitor/brazil>.

²² See e.g.: “Civic Freedom Monitor – Cambodia”, International Center for Not-for-Profit Law (ICNL), <https://www.icnl.org/resources/civic-freedom-monitor/cambodia>; “Joint Statement Urging World Bank Action on Cambodian Civil Society Reprisals”, Coalition for Human Rights in Development and 160 other CSOs, October 2024, <https://rightsinddevelopment.org/news/world-bank-letter-cambodia-reprisals/>.

²³ “Civic Freedom Monitor – El Salvador”, International Center for Not-for-Profit Law (ICNL), <https://www.icnl.org/resources/civic-freedom-monitor/el-salvador>.

²⁴ “Concerns about rule of law in France as protests met with brutality,” CIVICUS Monitor, October 2023, <https://monitor.civicus.org/explore/concerns-about-rule-of-law-in-france-as-protests-met-with-brutality/>.

- **Indonesia** | In 2020, the government passed the *Omnibus Job Creation Law*, which diminishes the pathways for public participation in the environmental impact analysis of development projects. Among other things, it narrowed the definition of what input communities can provide.²⁵
- **Italy** | In September 2024, the lower house of Parliament approved a new “security bill” — criminalizing environmental activists who block roads or railways with jail terms of up to two years. Penalties are more severe for those who protest against public works considered “strategic”.²⁶
- **Senegal** | In 2019, anti-corruption activist Guy Marius Sagna was charged with “false alert of terrorism”, after posting on Facebook about the lack of adequate medical facilities in Senegal.²⁷
- **Uganda** | Youth activists protesting the controversial East African Crude Oil Pipeline are being routinely arrested and charged under the colonial-era “common nuisance” offense.²⁸
- **United States** | Protesters are often criminalized in the US, through vague anti-terrorism laws. For example, domestic terrorism charges were brought against 40 activists who were protesting against the destruction of a forest to make way for a police training facility known as “Cop City”. Similarly, Louisiana’s *critical infrastructure law* has been used against peaceful environmental activists protesting the Bayou Bridge pipeline, and students peacefully standing in solidarity with Palestine have faced criminalization under terrorism charges.²⁹

²⁵ “Civic Freedom Monitor – Indonesia”, International Center for Not-for-Profit Law (ICNL), <https://www.icnl.org/resources/civic-free-dom-monitor/indonesia>.

²⁶ “Meloni’s street protest crackdown prompts concerns of growing repression in Italy”, Politico, October 2024, <https://www.politico.eu/article/giorgia-meloni-street-protest-crackdown-concerns-growing-repression-italy-security-bill-climate-activists/>.

²⁷ “Civic Freedom Monitor – Senegal”, International Center for Not-for-Profit Law (ICNL), <https://www.icnl.org/resources/civic-free-dom-monitor/senegal>.

²⁸ “Civic Freedom Monitor – Uganda”, International Center for Not-for-Profit Law (ICNL), <https://www.icnl.org/resources/civic-free-dom-monitor/uganda>.

²⁹ See e.g.: “The Real Free Speech Threat”, Drilled, Season 10 episode 17 and 14, <https://drilled.media/investigations/the-real-free-speech-threat>; “10 Major Legal Threats to US Civil Society”, International Center for Not-for-Profit Law (ICNL), April 2024, <https://www.icnl.org/post/analysis/10-major-legal-threats-to-u-s-civil-society>; “Anti-Palestinian Animus at Root of U.S. Anti-Terrorism Laws, New Report Reveals”, Palestine Legal and the Center for Constitutional Rights, February 2024, <https://palestinelegal.org/news/anti-palestinian-animus-root-us-anti-terrorism-laws-new-report>.

Case studies

The case studies focus on five countries with closed civic space (as of 2024, according to CIVICUS Monitor data) and where there is a significant amount of DFIs' investment: Azerbaijan, Egypt, Tajikistan, Vietnam and Uzbekistan. Tajikistan is the only country that was not included in the statistical analysis of the 2018-2023 investments, as its civic space status changed from "repressed" to closed only in 2022.

According to CIVICUS data, civic space conditions have worsened in these five countries in recent years, suggesting that DFI involvement in these countries has not led to any major improvement on the ground in relation to civic space. From 2022 to 2023, the scores behind the CIVICUS Monitor ratings decreased in all these countries: Azerbaijan went from 20 to 16, Egypt from 19 to 18, Tajikistan from 19 to 12, Uzbekistan from 20 to 18, and Vietnam from 18 to 13.³⁰

³⁰ See: CIVICUS Monitor country page for Azerbaijan: <https://monitor.civicus.org/explore/?query=&country=47>; Egypt: <https://monitor.civicus.org/explore/?query=&country=56>; Tajikistan: <https://monitor.civicus.org/explore/?query=&country=5>; Uzbekistan: <https://monitor.civicus.org/explore/?query=&country=57>; and Vietnam: <https://monitor.civicus.org/explore/?query=&country=43>.

CASE STUDY

Azerbaijan

The 5 DFIs investing the most (US\$ millions)	
WB	979
ADB	851
EBRD	397
AIIB	100
IFC	20

The 5 sectors most funded by DFIs (US\$ millions)	
Law and Government	1,103
Finance	866
Industry and trade	640
Transport	529
Education and Health	445



Total investment amount:
US\$ 2,355 million
(43 projects)

In Azerbaijan, amid widespread human rights violations, human rights defenders who expose corruption or demand accountability in the oil and gas sectors are particularly targeted and criminalized. Even though this type of reprisals prevents people from meaningfully participating in debates around development projects, DFIs have invested at least US\$ 267 million in the energy sector alone over the past five years.

Gubad Ibadoghlu is a prominent Azerbaijani economist, scholar, human rights and anti-corruption defender. A former Board Member of the Extractive Industries Transparency Initiative (EITI), he has been exposing corruption in Azerbaijan’s oil and gas sector and advocating for transparency in public revenues.³¹

After living more than eight years in exile, in July 2023 Ibadoghlu returned to Azerbaijan to visit his family, but was arbitrarily detained together with his wife. In

detention, both suffered ill treatment. While his wife was released hours later, Ibadoghlu was placed in pre-trial detention. The fabricated charges – that could have resulted in a prison sentence of up to 14 years – included accusations of producing, acquiring, or selling counterfeit money and distributing religious extremist materials.³² After nine months in pre-trial detention, during which he was deprived of critical medical care, Ibadoghlu was placed under house arrest in April 2024.

³¹ “Open Letter Calling for Immediate Release of Dr. Gubad Ibadoghlu”, Natural Resource Governance Institute, May 2024, <https://resource-governance.org/articles/open-letter-calling-immediate-release-dr-gubad-ibadoghlu>.

³² “Gubad Ibadoghlu Released to House Arrest”, OC Media, April 2024, <https://oc-media.org/gubad-ibadoghlu-released-to-house-arrest/>.

Numerous human rights organizations and international institutions have called for Ibadoghlu's immediate release, as his criminalization is widely seen as a retaliation for his human rights work and his critical stance towards the government. Shortly before his arbitrary detention, the defender had published a critical article about the strategic partnership between the EU and Azerbaijan, which aimed to replace Russian gas with Azerbaijani gas.³³ He argued that the EU should leverage this energy deal to demand norms and standards on transparency and accountability, instead of focusing only on securing alternative energy sources.

Ibadoghlu's demands for greater transparency are critical: Azerbaijan ranks among the most corrupt countries in the world, standing 154th out of 180 in the Transparency International Corruption Perceptions Index.³⁴

Ibadoghlu's arrest is part of a broader crackdown on dissenting voices in Azerbaijan.³⁵ Independent activists, journalists, union leaders and political opponents are frequently harassed, detained and prosecuted on fabricated charges, and many are forced to leave the country.³⁶ Before the last presidential election in February 2024, international organizations denounced severe human rights violations, including the incarceration of more than 200 political prisoners.³⁷ The government also targets relatives of human rights defenders by freezing their assets, as a form of collective punishment.³⁸

33 See e.g.: "Gubad Ibadoghlu: Why EU Plans to Increase Gas Imports from Azerbaijan Are Unrealistic", Brave New Europe, January 2023, <https://braveneweuropa.com/gubad-ibadoghlu-why-eu-plans-to-increase-gas-imports-from-azerbaijan-are-unrealistic/>; "New Gas Deal with Azerbaijan for Europe's Energy Security: Aspiration and Reality", May 2023, Gubad Ibadoghlu and Zhala Bayramova, SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4441513.

34 "Azerbaijan: Country Profile 2023," Transparency International, <https://www.transparency.org/en/cpi/2023/index/aze>.

35 See e.g.: "Azerbaijan: Vicious Assault on Government Critics", Human Rights Watch, October 2024, <https://www.hrw.org/news/2024/10/08/azerbaijan-vicious-assault-government-critics>; "Azerbaijan: Authorities Must Immediately Release Prominent Scholar Gubad Ibadoghlu", Amnesty International, September 2023, <https://www.amnesty.org/en/latest/news/2023/09/azerbaijan-authorities-must-immediately-release-prominent-scholar-gubad-ibadoghlu/>; "Azerbaijan: Opposition Leader Arrested", Human Rights Watch, July 2023, <https://www.hrw.org/news/2023/07/25/azerbaijan-opposition-leader-arrested>; "Azerbaijan: Journalists Face Spurious Smuggling Charges", International Partnership for Human Rights, November 2023, <https://iphronline.org/articles/azerbaijan-journalists-face-spurious-smuggling-charges/>; "240 organizations and individuals demand the release of detained, anti-corruption advocate, Gubad Ibadoghlu", May 2024, UNCAC Coalition, <https://uncaccoalition.org/free-gubad/>; "PACE Rapporteur Calls for Immediate Release of Gubad Ibadoghlu", Parliamentary Assembly of the Council of Europe, August 2023 <https://pace.coe.int/en/news/9180/pace-rapporteur-calls-for-immediate-release-of-gubad-ibadoghlu>; "European Parliament resolution of 14 September 2023 on the case of Dr Gubad Ibadoghlu, imprisoned in Azerbaijan (2023/2832(RSP))", European Parliament, December 2023, https://www.europarl.europa.eu/doceo/document/TA-9-2023-0323_EN.html.

36 See e.g.: "Azerbaijan: Vicious Assault on Government Critics", Human Rights Watch, October 2024, <https://www.hrw.org/news/2024/10/08/azerbaijan-vicious-assault-government-critics>; "Ongoing Crackdown on Civic Space Ahead of COP29 as More Activists, Journalists Detained," CIVICUS Monitor, June 2024, <https://monitor.civicus.org/explore/ongoing-crackdown-on-civic-space-ahead-of-cop29-as-more-activists-journalists-detained/>; "Repression of Media Continues: More Arrests and Extended Detentions", CIVICUS Monitor, April 2024, <https://monitor.civicus.org/explore/repression-of-media-continues-more-arrests-and-extended-detentions/>; "Azerbaijan: Repression Escalating Ahead of Presidential Elections", Amnesty International, February 2024, <https://www.amnesty.org/en/latest/news/2024/02/azerbaijan-repression-escalating-ahead-of-presidential-elections/>; "Media Crackdown Continues Ahead of Presidential Election," CIVICUS Monitor, February 2024, <https://monitor.civicus.org/explore/media-crackdown-continues-ahead-of-presidential-election/>.

37 "Azerbaijan: Repression Escalating Ahead of Presidential Elections," Amnesty International, February 2024, <https://www.amnesty.org/en/latest/news/2024/02/azerbaijan-repression-escalating-ahead-of-presidential-elections/>.

38 Ibid.

COP29 en Bakú, Azerbaiyán, noviembre 2024. Crédito: IRENA vía Flickr.



In response to these abuses, the Parliamentary Assembly of the Council of Europe (PACE) refused to ratify the credentials of Azerbaijan’s delegation, citing the government’s failure to uphold the rule of law and protect fundamental freedoms.³⁹

In 2017, the board of EITI (a multi-stakeholder initiative promoting accountability and transparency in the extractive sector) suspended Azerbaijan because it “did not fully meet the corrective actions related to civil society space”.⁴⁰

However, development banks such as the World Bank – despite supporting EITI processes – have continued investing in the country. DFIs have also remained silent on the severe barriers hindering the participation of independent civil society in COP29, which will take place in Baku in November 2024, despite supporting efforts in the climate conference.

AZERBAIJAN — CASE STUDY

Why DFIs should care

In Azerbaijan, DFIs have invested at least \$2.3 billion over the last five years, with over \$267 million directed to the energy sector alone (including, for example, to fund the Southern Gas Corridor).

As illustrated by the case of Ibadoghlu, the high risk of corruption and the repression of dissenting voices poses significant risks and obstacles to the successful implementation of development projects. This repression prevents defenders like Ibadoghlu from providing valuable insights on how to strengthen transparency and accountability, casting a chilling effect over anyone who might otherwise contribute to public discussions on the energy sector.

³⁹ “PACE Resolves Not to Ratify the Credentials of Azerbaijan’s Parliamentary Delegation, Citing a Failure to Fulfil Major Commitments,” Parliamentary Assembly of the Council of Europe, January 2024, <https://www.coe.int/en/web/portal/-/pace-resolves-not-to-ratify-the-credentials-of-azerbaijan-s-parliamentary-delegation-citing-a-failure-to-fulfil-major-commitments->.

⁴⁰ See: “Azerbaijan withdraws from the EITI”, EITI, March 2017, <https://eiti.org/countries/azerbaijan>

CASE STUDY

Egypt

The 5 DFIs investing the most (US\$ millions)	
EIB	6,276
WB	3,915
EBRD	3,849
AFDB	2,379
IFC	1,962

The 5 sectors most funded by DFIs (US\$ millions)	
Finance	8,028
Transport	5,461
Energy	4,915
Law and Government	4,163
Infrastructure	3,624


Total investment amount:
US\$ 22,006 million
(214 projects)

In Egypt, fear of repression has led to widespread self-censorship, preventing human rights defenders, CSOs and anyone from safely voicing their concerns about development projects, while DFIs and the European Union (EU) continue to commit billions to finance the regime.

Over the past decade, people who criticize the government in Egypt have been subjected to forced disappearances, arbitrary detentions, torture, criminalization and extended pre-trial detentions. In 2023, thousands of people were held in arbitrary detention or unjustly prosecuted.⁴¹ The most common charges include being part of terrorist groups, spreading false news, misusing social media platforms or calling for unauthorized protests.⁴²

⁴¹ "Egypt 2023", Amnesty International, <https://www.amnesty.org/en/location/middle-east-and-north-africa/north-africa/egypt/report-egypt> "Egypt: Country Chapter", Human Rights Watch, in World Report 2023, <https://www.hrw.org/world-report/2023/country-chapters/egypt>.

⁴² Various CSOs and UN experts have documented the systematic repression of dissident voices in Egypt, affecting human rights defenders, journalists, political opponents as well as the general population. See e.g.: "All 10 Egyptian journalists named in RSF letter detained arbitrarily, UN says", Reporters Without Borders, March 2021, "<https://rsf.org/en/all-10-egyptian-journalists-named-rsf-letter-detained-arbitrarily-un-says>, <https://www.hrw.org/news/2021/03/24/egypt-scholar-unjustly-detained>"; "Egypt: Scholar Unjustly Detained", Human Rights Watch, March 2021, <https://www.hrw.org/news/2021/03/24/egypt-scholar-unjustly-detained>.

The government applies draconian laws against journalists, defenders, opposition leaders and peaceful protestors, that stifle dissent and restrict civic freedoms.⁴³ The 2018 Cybercrime Law, for example, allows authorities to block websites without a judicial order and on vaguely defined grounds, and providers who do not comply with those decisions can face prison.⁴⁴ News sites are required to obtain a license, and the Supreme Council for Media Regulation has authority over personal social media accounts with more than 5,000 followers. Over the last years, security forces have violently repressed multiple protests and perpetrated unlawful mass arrests of protesters, including children, conveying a message of zero tolerance for dissent.⁴⁵ The 2019 NGO Law grants the government broad powers to oversee the registration, activities and funding of NGOs, and has forced many organizations to suspend their work in the country.⁴⁶ In addition, NGO workers also face travel bans, asset freezes and unlawful surveillance.

According to a member of an international CSO working with Egyptian organizations, people fear engaging with DFIs as they are afraid of reprisals. For instance, a defender we interviewed told us that Egyptian CSOs had recently declined an invite to an advocacy meeting about international investment, fearing possible reprisals.⁴⁷ The defender also reflected on the low number of complaints filed to DFIs' accountability mechanisms in the region and pointed to a combination of fear and mistrust that also prevents people from speaking out. They are convinced that DFIs are in collusion with the government and they do not trust any official will bring justice.⁴⁸ Even activists living abroad are often afraid to speak out, as the Egyptian government has targeted relatives of people criticizing the authorities in the past.⁴⁹

A member of another organization said "people in Egypt are pretty much aware of the government's capacity to surveil online activities and monitor communications, and people are afraid of criticizing policies or projects."⁵⁰

⁴³ Restrictive legislation includes the anti-terrorism, cybercrime and media regulation laws. See e.g.: "Egypt: Deeply Restrictive New Assembly Law", Human Rights Watch, November 2013, <https://www.hrw.org/news/2013/11/26/egypt-deeply-restrictive-new-assembly-law>.

⁴⁴ "Egypt: Freedom on the Net 2022", Freedom House, <https://freedomhouse.org/country/egypt/freedom-net/2022>.

⁴⁵ See e.g.: "Egypt: Largest Wave of Mass Arrests since President Abdel Fattah al-Sisi Came to Power", Amnesty International, October 2019, <https://www.amnesty.org/en/latest/press-release/2019/10/egypt-largest-wave-of-mass-arrests-since-president-abdel-fattah-al-sisi-came-to-power/>; "Egypt: Rare Protests Met with Unlawful Force and Mass Arrests", Amnesty International, October 2020, <https://www.amnesty.org/en/latest/press-release/2020/10/egypt-rare-protests-met-with-unlawful-force-and-mass-arrests/>; "Egypt: Dozens of Peaceful Protesters Detained", Human Rights Watch, November 2023, <https://www.hrw.org/news/2023/11/01/egypt-dozens-peaceful-protesters-detained>; "Egypt: More Than 100 Arbitrarily Detained Over Calls for Anti-Government Protests", Amnesty International, July 2024, <https://www.amnesty.org/en/latest/news/2024/07/egypt-more-than-100-arbitrarily-detained-over-calls-for-anti-government-protests/>; "Egypt: Arrests Over Calls for Protests During COP27 Expose Reality of Human Rights Crisis", Amnesty International, November 2022, <https://www.amnesty.org/en/latest/news/2022/11/egypt-arrests-over-calls-for-protests-during-cop27-expose-reality-of-human-rights-crisis>.

⁴⁶ "Egypt: Independent Civil Society Organizations at Risk of Closure After NGO Deadline Passes", Amnesty International, April 2023, <https://www.amnesty.org/en/latest/news/2023/04/egypt-independent-civil-society-organizations-at-risk-of-closure-after-ngo-deadline-passes>.

⁴⁷ Anonymous interview for security reasons.

⁴⁸ "Our last and only resort", Accountability Counsel and Arab Watch Coalition, September 2022, <https://accountabilityconsole.com/stories/our-last-and-only-resort/>

⁴⁹ "Egypt: Civic Space Under Siege", Human Rights Watch, January 2024, <https://www.hrw.org/news/2024/01/11/egypt-civic-space-under-siege>.

⁵⁰ Anonymous interview for security reasons.



EGYPT — CASE STUDY

Why DFIs should care

Egypt is one of the three countries with closed civic space that received the highest level of financing from DFIs, reaching a total of over US\$ 22 billion dollars over the last five years, with projects mainly focused on the financial, energy and infrastructure sectors.

In addition, in 2024 the EU established a strategic and comprehensive partnership with Egypt, which includes a €7.4 billion package (corresponding to over US\$ 8 billion).⁵¹ Local, regional and international human rights organizations urged the EU and its member states to uphold international and EU law, to ensure that this financial assistance secures concrete human rights progress and reforms in the country.⁵²

According to the Council of the EU's decision, a precondition for this financial assistance is that

“Egypt continues to make concrete and credible steps towards respecting effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guaranteeing respect for human rights.”⁵³ These steps, however, were not defined.

This type of economic agreement lacks legitimacy since there are no opportunities for Egyptian citizens – who should be the ones benefiting from it – to demand accountability or express concerns. In such an extremely restrictive context, where dissenting voices are violently and routinely silenced, development financiers run a high risk of unwittingly causing harm with their investments. They also contribute to strengthening the power of the ruling regime, further legitimizing it, and fuelling the repression of critical voices.

⁵¹ “EU-Egypt Partnership: Working Together for Sustainable Development”, European Neighbourhood Policy, March 2024, https://south.euneighbours.eu/wp-content/uploads/2024/03/STR_EU-EG_partnership.pdf.pdf.

⁵² “Joint NGO Letter on the EU’s Macro-Financial Assistance to Egypt and Human Rights”, Amnesty International, June 2024, <https://www.amnesty.eu/wp-content/uploads/2024/06/Joint-NGO-letter-on-the-EUs-macro-financial-assistance-to-Egypt-and-human-rights-Online-version-1.pdf>.

⁵³ “Official Journal of the European Union: Legal Content”, European Union, January 2024, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401144. Also, see: “Sisi Government’s Repression Taints Egypt-EU Investment Conference”, Human Rights Watch, June 2024, <https://www.hrw.org/news/2024/06/28/sisi-governments-repression-taints-egypt-eu-investment-conference>.

CASE STUDY

Tajikistan

In Tajikistan, some of the major development banks – under a scheme orchestrated by the World Bank – are getting involved in financing the controversial Rogun hydroelectric project.⁵⁴ This mega dam risks causing major environmental, social and financial impacts in Tajikistan and other countries downstream, with around 60,000 people expected to be displaced. Despite these worrying impacts, there are limited opportunities for affected communities to voice concerns. According to CIVICUS, the space for civil society in Tajikistan is “closed” as of 2024, which means that project-affected people will likely lack safe, meaningful opportunities to have their say, seek information, or raise concerns around the Rogun dam.

Since 1992, Tajikistan has been under the authoritarian regime of President Emomali Rahmon. According to several international organizations (e.g. Human Rights Watch, Freedom House, and Amnesty International), in recent years the country's human rights record has continued to deteriorate and there has been an increased crackdown on dissenting voices.⁵⁵ Journalists, independent lawyers, and political opponents are particularly targeted, but ordinary citizens are also increasingly facing harassment and criminalization for

criticizing the government online or offline in recent years. According to Freedom House, this has led “individuals to regularly self-censor in order to avoid reprisals.”⁵⁶

The country's freedom of expression situation has also been consistently worsening each year. According to the ARTICLE 19 Global Expression Report 2024, Tajikistan is among the countries with the lowest ranking worldwide, standing at 151 out of 161.⁵⁷

⁵⁴ For further information, see the micro-site “Rogun Exposed” (a joint project of Rogun HPP Concerned NGOs) available at: <https://rogun.exposed>. See also: “Why development banks should not fund the Rogun mega-dam in Tajikistan, if they really care about people and the environment”, Coalition for Human Rights in Development, March 2024, <https://rightsinddevelopment.org/news/tajikistan-rogun-dam/>.

⁵⁵ See e.g.: “Tajikistan country page”, Human Rights Watch, <https://www.hrw.org/europe/central-asia/tajikistan>; “Tajikistan country page”, Freedom House, 2024, <https://freedomhouse.org/country/tajikistan/freedom-world/2024>; and “Tajikistan country page”, Amnesty International, <https://www.amnesty.org/en/location/europe-and-central-asia/eastern-europe-and-central-asia/tajikistan/report-tajikistan>.

⁵⁶ Freedom in the World Report, Freedom House, 2024, <https://freedomhouse.org/country/tajikistan/freedom-world/2024>.

⁵⁷ “Global Expression Report 2024”, ARTICLE 19, <https://www.globalexpressionreport.org/>.



About the Rogun dam

The Rogun hydropower project, first conceived in the 1970s, was relaunched in 2006. If completed, it will become the tallest structure of its kind in the world. However, even in the first phase, Human Rights Watch has documented several rights violations related to the project.⁵⁸

Tajikistan has already spent US\$ 3.3 billion on the dam, but needs at least another US\$ 6.3 billion to complete it. The Islamic Development Bank, Saudi Development Fund and OPEC Fund have already signed agreements to fund the project.⁵⁹ The World Bank, which so far has provided technical support, is also coordinating the “Rogun sustainable finance” scheme with other DFIs such as EIB, ADB and AIIB. Moreover, other banks, such as EBRD and China Eximbank, are financing associated projects like transmission lines and roads.

⁵⁸ “We Suffered When We Came Here: Rights Violations Linked to Resettlements for Tajikistan’s Rogun Dam”, Human Rights Watch, June 2014, <https://www.hrw.org/report/2014/06/25/we-suffered-when-we-came-here/rights-violations-linked-resettlements-tajikistans>.

⁵⁹ See: “IsDB and Tajikistan Consolidate Cooperation in Hydropower Sector with US\$150 Million Financing Agreement”, Islamic Development Bank, June 2024, <https://www.isdb.org/news/isdb-and-tajikistan-consolidate-cooperation-in-hydropower-sector-with-us150-million-financing-agreement>; “Saudi Fund for Development Provides \$100 Million Development Loan for the Rogun Hydropower Project”, Saudi Fund for Development, December 2023, <https://www.sfd.gov.sa/en/n649>; and “OPEC Fund backs Tajikistan’s energy transition with first US\$25 million loan for landmark Rogun hydropower plant”, OPEC Fund, October 2024, <https://opecfund.org/media-center/press-releases/2024/opec-fund-backs-tajikistan-s-energy-transition-with-first-us-25-million-loan-for-landmark-rogun-hydropower-plant>.

TAJIKISTAN — CASE STUDY

Why DFIs should care

As civil society organizations have repeatedly pointed out, in such a restrictive context – with low levels of transparency, high risk of corruption, and widespread human rights violations – consultations cannot be considered meaningful.⁶⁰ In February 2024, the World Bank published the Stakeholder Engagement Plan (SEP) for this project.⁶¹ However, the plan fails to address civic space concerns and the operational risks posed by serious civic space restrictions in the country.

Of particular concern is the involvement of the military in providing security for the project. The World Bank's Environmental and Social Commitment Plan⁶² acknowledges that this might pose some risks, but it suggests that the project's grievance mechanism will be adequate to handle any grievances. This overlooks the intrinsic risk of retaliation when reporting misbehavior or violence perpetrated by military officers.⁶³

Finally, the SEP also fails to address transboundary consultations with potentially impacted communities downstream. The Rogun Dam is being built on the Vakhsh river, which flows into Afghanistan, Turkmenistan and Uzbekistan.

Despite scientific research proving otherwise, the current environmental and social impact assessment denies significant changes in downstream flows and does not adequately assess potential negative impacts, omitting this key issue from consultations with riparian communities.

Moreover, as these countries also have highly restrictive contexts, serious doubts remain about whether any meaningful stakeholder engagement can be conducted. If the development of the Rogun dam leads to significant negative impacts on downstream communities – which is very likely in dry years and in case of an accident – over eight million people may be denied access to grievance mechanisms or any avenue to claim and receive compensation for lost livelihoods, economic displacement, and increased living costs, among other impacts.⁶⁴

⁶⁰ See e.g. the joint letter “Stakeholder engagement (ESS10) concerns around Sustainable Financing for Rogun Hydropower Project (P181029)”, addressed to the World Bank in July 2024, available at:

<https://150013849.v2.pressablecdn.com/wp-content/uploads/securepdfs/2024.07.16-Rogun-civic-space-letter.pdf>.

⁶¹ “Stakeholder Engagement Plan (SEP) Sustainable Financing for Rogun Hydropower Project (P181029)”, World Bank, 2024, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099042224063590023/p1810291e80b0f021b1cb163204a85922d>.

⁶² “Environmental and Social Commitment Plan (ESCP) Sustainable Financing for Rogun Hydropower Project (P181029)”, World Bank, 2024 (pp 10-11) <https://documents.worldbank.org/pt/publication/documents-reports/documentdetail/099053124161030173/p181029144e9320d1b8c31b9da3e861933>.

⁶³ See for example: “Misplaced Trust”.

⁶⁴ See for example: “River flow and water security”, Rogun Exposed, <https://rogun.exposed>.

CASE STUDY

Uzbekistan

The 5 DFIs investing the most (US\$ millions)	
WB	5,145
ADB	5,093
AiIB	3,567
EBRD	3,172
MIGA	1,372

The 5 sectors most funded by DFIs (US\$ millions)	
Energy	6,618
Law and government	6,026
Finance	4,158
Industry and trade	3,981
Infrastructure	2,866


Total investment amount:
US\$ 19,787 million
(252 projects)

In Uzbekistan, several DFIs (EBRD, IFC and ADB) are financing the cotton company Indorama Agro, despite reprisals – perpetrated by the company, government officials and security services – against workers, union members and human rights defenders.

Indorama Agro, a Singapore-based private company, is one of the largest cotton producers in Uzbekistan. Since 2021, the IFC and the EBRD have invested US\$ 60 and US\$ 70 million, respectively, to support Indorama in modernizing cotton production, while the ADB provided the company another US\$ 15 million for COVID-19 recovery and climate change mitigation.⁶⁵

Indorama Agro has been linked to numerous documented human rights violations and negative environmental and social impacts. These include land grabbing and violations of farmers rights, coercion, labor rights violations, poor working conditions, contract violations, non-compliance with health and safety standards, and environmental degradation such as contamination of water streams.⁶⁶

⁶⁵ “Indorama Cotton”, IFC, Project number 42352, December 2020, <https://ewsddata.rightsindevelopment.org/projects/42352-indorama-cotton>; “Indorama Agro Working Capital Loan”, EBRD, Project number 51011, February 2021, <https://ewsddata.rightsindevelopment.org/projects/51011-indorama-agro-working-capital-loan>; “Indorama Client-Resilient Farmer Livelihood and COVID-19 Recovery Project”, ADB, Project number 56258-001, April 2023, <https://ewsddata.rightsindevelopment.org/projects/56258-001-indorama-climate-resilient-farmer-livelihood-and-c>.

⁶⁶ See e.g.: “Indorama Agro: Uzbekistan’s Infamous Cotton Producer”, CEE Bankwatch Network, <https://bankwatch.org/project/indorama-agro-uzbekistan-s-infamous-cotton-producer>; “International organizations cannot help you. Do not speak to them.”, Uzbek Forum for Human Rights, April 2024, <https://www.uzbekforum.org/labor-rights-violations-persist-in-uzbekistan>; “Indorama Agro Project, Uzbekistan: Unmitigated Human Rights Violations Persist”, Uzbek Forum for Human Rights, June 2022, <https://www.uzbekforum.org/indorama-agro-project-uzbekistan-unmitigated-human-rights-violations-persist>.

Security services, government officials and company representatives systematically threaten and harass workers and farmers who attempt to speak out, making it nearly impossible to document these rights violations.⁶⁷ Security agents have also physically prevented workers from attending labor rights workshops and union activities.⁶⁸ Retaliation has extended to independent rights monitors, who have been threatened with criminal charges for carrying out their legitimate work of monitoring the project.

These violations are a serious set-back to the progress made in the 2021 cotton harvest, when Uzbekistan – as a result of a global boycott of Uzbek cotton – officially eliminated state-imposed forced labor.⁶⁹

Over the last three years, CSOs have documented at least 80 cases of retaliations carried out by officials, security services and the company's management, including dismissals, threats and withheld wages.⁷⁰ International organizations such as Uzbek Forum for Human Rights and CEE Bankwatch Network have raised these concerns with the DFIs financing the project, but to date, development banks have failed to take effective action to address these reprisals.

Retaliations occur in a general context of extremely tight governmental control and repression of the media, CSOs and political opponents, who face arbitrary arrests based on fabricated charges, pre-trial detentions, criminalization, physical violence, and other forms of harassment. Since 2020, repression of media

freedom and persecution of bloggers and activists have escalated and registration of independent human rights NGOs remains nearly impossible.⁷¹

Uzbek law criminalizes the online and offline dissemination of “false” information, defamation and insult, with insulting the president online punishable by up to five years in prison. These vaguely constructed laws are commonly used to target opposition and silence any criticism of government policies and practices, as well as corruption allegations.⁷²

During the 2023 presidential election campaign, over 60 media and CSOs websites were blocked, limiting access to information. The government has also been known to deny access to foreign funding and appoint a state agency as a partner to supervise NGO projects. There have been credible reports of forced psychiatric institutionalization of government critics, alongside allegations of torture and ill-treatment of detainees.⁷³

In July 2022, the government violently suppressed mass protests in Karakalpakstan against proposed constitutional amendments. According to official sources, 18 people were killed, 243 were injured, and at least 516 people (including journalists) were detained. Non-governmental sources report that at least 64 people disappeared during the crackdown.⁷⁴ To date, no one has been held accountable.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ See e.g.: “The Boycott of Uzbek Cotton Is Over”, *The Diplomat*, 2022 <https://thediplomat.com/2022/03/the-boycott-of-uzbek-cotton-is-over/>; “ILO welcomes lifting of Cotton Campaign boycott of Uzbekistan”, *International Labour Organization*, 2022, <https://www.ilo.org/resource/news/ilo-welcomes-lifting-cotton-campaign-boycott-uzbekistan>

⁷⁰ See e.g.: “International organizations cannot help you. Do not speak to them.”, *Uzbek Forum for Human Rights*, April 2024, <https://www.uzbekforum.org/labor-rights-violations-persist-in-uzbekistan/>.

⁷¹ “Civic Freedoms Remain Highly Restricted: Karakalpakstan Protests Turn Violent, Bloggers and Activists Targeted”, *CIVICUS Monitor*, July 2022, <https://monitor.civicus.org/explore/civic-freedoms-remain-highly-restricted-karakalpakstan-protests-turn-violent-bloggers-and-activists-targeted/>.

⁷² Ibid

⁷³ “Opposition activists face pressure ahead of presidential elections, bloggers targeted”, *CIVICUS Monitor*, May 2021, <https://monitor.civicus.org/explore/summary-opposition-activists-face-pressure-ahead-presidential-elections-bloggers-targeted/>.

⁷⁴ “Civic Freedoms Remain Highly Restricted: Karakalpakstan Protests Turn Violent, Bloggers and Activists Targeted”, *CIVICUS Monitor*, July 2022, <https://monitor.civicus.org/explore/civic-freedoms-remain-highly-restricted-karakalpakstan-protests-turn-violent-bloggers-and-activists-targeted/>.



UZBEKISTAN — CASE STUDY

Why DFIs should care

The example of Indorama’s operations in Uzbekistan highlights how problematic DFIs’ support to private actors in countries with closed civic space can be. In such contexts, companies often have close ties to government officials, posing a high risk of corruption. When authorities have vested interests in certain companies or sectors, ensuring effective oversight and accountability becomes difficult.

Moreover, in countries like Uzbekistan – where freedom of expression and other civic freedoms are severely curtailed – workers, human rights

defenders and affected communities have no safe avenue to voice their concerns or participate meaningfully in decisions that impact their lives, in direct contradiction to DFIs’ policies on public participation. Yet, despite the widely documented risks around reprisals and corruption, and the serious challenges in conducting safe and meaningful stakeholder engagement, the IFC, EBRD and ADB continue to financially support Indorama’s operations in Uzbekistan.

CASE STUDY

Vietnam

The 5 DFIs investing the most
(US\$ millions)

IFC	2,477
WB	2,313
ADB	1,818
DFIC	728
AIIB	500

The 5 sectors most funded by DFIs
(US\$ millions)

Finance	2,839
Energy	2,210
Industry and trade	1,363
Agriculture and forestry	913
Climate and Environment	847



Total investment amount:
US\$ 8,117 million
(134 projects)

Since mid-2021, while negotiating and rolling out an international agreement on just energy transition (JET) with several DFIs and governments, the Vietnamese government has been criminalizing environmental and climate leaders on false charges. Although the resulting Just Energy Transition Partnership (JETP) agreement includes references to the importance of holding consultations and ensuring broad social consensus, the authorities have targeted climate and environmental leaders who were conducting legitimate policy and advocacy work around the just transition, and the need to phase out coal and scale-up renewable energy alternatives.

According to CSOs and journalists documenting these reprisals, all these detentions appear to be politically motivated and marked by serious irregularities and lack of due process.⁷⁵

- Six climate and environmental leaders were held in pre-trial detention, without charges. Five of them were charged with tax evasion and received long prison sentences, with a disproportionately harsh sentence for this type of charge.
- One climate leader was charged with “appropriation of information or documents” and also received a long prison sentence.
- In four of the trials, the proceedings took place behind closed doors and concluded in less than a day.
- In one case, an environmental rights advocate was only allowed to communicate with his lawyer seven months after being detained.

⁷⁵ See e.g.: “Weaponizing the law to prosecute the Vietnam four”, Project 88, April 2023, <https://the88project.org/wp-content/uploads/2023/04/Weaponizing-the-law-report-Project-88-ENG.pdf>; and “The missing ‘just’ in Vietnam’s Just Energy Transition Partnership”, International Rivers, June 2024, <https://www.internationalrivers.org/wp-content/uploads/sites/86/2024/06/Vietnam-JETP-Report-English.pdf>.

Moreover, following pressure from the Vietnamese authorities, five organizations associated with these environmental and climate leaders (including the network Vietnam Sustainable Energy Alliance, where several of the imprisoned defenders were leading members) were closed down, and one was restructured.⁷⁶

The targeted environmental and climate leaders include:⁷⁷

- Dang Dinh Bach, lawyer and former Director of the Law and Policy of Sustainable Development Research Centre (imprisoned in June 2021 and currently serving a five-year sentence).
- Mai Phan Loi, journalist and former Director of Media in Educating Community (MEC) and Bach Hung Duong, lawyer and former MEC staff (both arrested in June 2021 and released in September 2023).
- Nguy Thi Khanh, founder and former Executive Director of Green Innovation and Development, GreenID (detained from January 2022 to May 2023).
- Hoang Thi Minh Hong, founder and former Director of CHANGE Vietnam (arrested in 2023 and released in September 2024).⁷⁸
- Ngo Thi To Nhien, Executive Director of the Vietnam Initiative for Energy Transition Social Enterprise, VIETSE (arrested in September 2023 and reportedly sentenced to 3.5 years in jail during a closed-door trial in June 2024).

About the JETP

In December 2022, Vietnam and the International Partners Group (EU, UK, US, Germany, Japan, France, Italy, Canada, Denmark, and Norway) announced the creation of the Just Energy Transition Partnership (JETP).⁷⁹ Through this intergovernmental structure, the Global North partners committed to provide technical assistance and mobilize US\$ 15.5 billion, aiming to support a “just” energy transition in Vietnam. So far, Vietnam has mobilized US\$ 2.75 billion in concessional loans, to be disbursed through various DFIs, including ADB, EIB, the French Development Bank (AFD), and the German Development Bank (KfW).

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ See for example: “Vietnam: Drop charges against climate activist”, Human Rights Watch, September 2023, <https://www.hrw.org/news/2023/09/27/vietnam-drop-charges-against-climate-activist>;

“Esteemed climate activist Hoàng Thị Minh Hồng released from prison in Vietnam”, 350, September 2024, <https://350.org/press-release/press-release-esteemed-climate-activist-hoang-thi-minh-hong-released-from-prison-in-vietnam>.

⁷⁹ “Political Declaration on establishing the Just Energy Transition Partnership with Viet Nam”, European Commission, December 2022, para. 15, https://ec.europa.eu/commission/presscorner/detail/en/statement_22_7724.



VIETNAM — CASE STUDY

Why DFIs should care

According to the JETP Political Declaration, “for the transition to be just and equitable, regular consultation is required, including with media, NGOs and other stakeholders to ensure broad social consensus.”

However, the imprisonment of Vietnamese environmental and climate leaders sends a different message, stifling any possibility of participation and dissent in JETP activities that DFIs are supporting. The criminalization of these six environmental and climate leaders, along with broader civic space restrictions, indicate that it is not safe for local human rights defenders and community members to meaningfully participate, seek information, or raise concerns about just energy transition plans.

In Vietnam, in recent years, local and international organizations have repeatedly reported serious restrictions on civic space. Human rights defenders, climate and environmental advocates, journalists,

bloggers and union leaders face widespread criminalization, often through vague legislation that violates their right to freedom of expression, among others.⁸⁰ By the end of 2023, at least 100 defenders were detained on false charges, such as ‘conducting propaganda against the state’ or ‘abusing democratic freedoms’.⁸¹ The government restricts protests, controls the media, limits freedom of expression on social media, and has enacted legislation that curtails CSO activities.⁸²

When the JETP agreement was signed, human rights organizations had already publicly raised concerns about the criminalization of environmental and climate leaders in Vietnam. Yet, several DFIs and the international Partners Group pushed forward with their plans, despite a context in which fulfilling commitments to stakeholder engagement and participation is infeasible.

⁸⁰ “Vietnam: Trade unionists, activists and journalist criminalized despite UN human rights review”, CIVICUS Monitor, July 2024, <https://monitor.civicus.org/explore/vietnam-trade-unionists-activists-and-journalist-criminalised-despite-un-human-rights-review/>; “Vietnam: social media activists arrested, ethnic minorities jailed, while protests against development projects crushed”, CIVICUS Monitor, March 2024, <https://monitor.civicus.org/explore/vietnam-social-media-activists-arrested-ethnic-minorities-jailed-while-protests-against-development-projects-crushed/>; “Viet Nam: New leadership must seize opportunity to reverse human rights decline”, Amnesty International, January 2021, <https://www.amnesty.org/en/latest/press-release/2021/01/viet-nam-new-leadership-reverse-human-rights-decline/>.

⁸¹ “People power under attack 2023”, CIVICUS monitor, December 2023, <https://civicusmonitor.contentfiles.net/media/documents/Embargoed.6Dec23.GlobalFindings.pdf>

⁸² See e.g.: “Vietnam: Trade unionists, activists and journalist criminalized despite UN human rights review”, CIVICUS Monitor, July 2024, <https://monitor.civicus.org/explore/vietnam-trade-unionists-activists-and-journalist-criminalised-despite-un-human-rights-review/>; “Weaponizing the law to prosecute the vietnam four”, Project 88, April 2023, <https://the88project.org/wp-content/uploads/2023/04/Weaponizing-the-law-report-Project-88-ENG.pdf>; “Report of the Working Group on the Universal Periodic Review”, Human Rights Council, June 2024, <https://documents.un.org/doc/undoc/gen/g24/091/59/pdf/g2409159.pdf>

Recommendations

Over the years, human rights organizations that engage development banks have developed detailed recommendations for DFIs to ensure meaningful participation, effective human rights due diligence, and measures to mitigate reprisal risks across all DFI activities.

In this section, we present a set of specific recommendations on the steps and approaches that DFIs should take when operating in extremely repressive contexts. Most of these recommendations can also be applied to any country where civil society faces serious restrictions.

Civil society groups working in countries with closed civic space have differing views on how DFIs should leverage influence and whether they should invest in such contexts.

Some argue that economic and political interests always prevail, no matter which safeguards are in place. According to them, DFIs should categorically avoid any investment in countries with closed civic space given the lack of accountability, the inherent risks that projects can pose to local stakeholders, and the fact that their investments may further legitimize autocratic regimes.

Others believe that – given the level of influence of these institutions – their involvement can be an opportunity to open civic space. In their opinion, if DFIs use their leverage and push their clients to ensure fundamental freedoms and respect human rights, their investments can strengthen accountability and contribute to

building more democratic and transparent institutions. Perspectives also vary on which type of projects should be supported in restrictive contexts, how the banks could exercise their leverage, which safeguards they should apply, and how they should ensure accountability.

Beyond these different perspectives, however, civil society groups operating in restrictive contexts and their allies point to the need for development banks to exercise extreme caution, as channeling financial resources to authoritarian regimes risks further strengthening them and, consequently, further restricting civic space.

Development banks should, first of all, ensure that their investments are guided not by the myopic geopolitical and financial interests of their shareholders, but by the priorities and needs of the affected citizens in client countries.

Secondly, DFIs should not treat civic space restrictions as political issues outside their mandate. Instead, these restrictions should be acknowledged as factors posing serious risks to their development objectives and their operations.

As outlined in the recommendations below, DFIs should conduct a more thorough risk analysis and consult human rights organizations before approving any type of project in countries with closed civic space. Only through prior stakeholder engagement will they be able to understand to what extent they can guarantee meaningful participation of affected communities and under which conditions.

Development banks should also use their leverage to create strong incentives for governments to open civic space. They should establish specific benchmarks related to civic space, set minimum requirements for countries to access funding based on international law and a human rights approach, determine exclusion lists for high-risk projects, and mitigate the specific risks faced by affected communities in countries with closed civic space.

Finally, in implementing these recommendations, it is crucial that DFIs adopt a coordinated approach in how they will use their leverage to push borrowing countries to open civic space.

In particular, DFIs should:



1. Promote open civic space

- Acknowledge that an open civic space is a crucial precondition to achieve the sustainable development goals, and systematically reiterate this to their shareholders and stakeholders.
- Set clear objectives and specific indicators related to civic space, creating incentives for governments to uphold civic freedoms and fundamental rights.
- Establish procedures (including how they will effectively use their leverage) on how they will promote an enabling environment for civil society and advocate for governments to eliminate restrictions on civic space.
- Lead by example, setting good practices in engaging with civil society and facilitating safe and meaningful multi-stakeholder dialogues.
- Support capacity-building activities to strengthen the resilience of civil society in the countries of operation.
- Provide systematic training for public and private clients on meaningful rights-holders engagement, as well policy advice on creating an enabling environment for civil society.
- Promote the development of international and national norms that support civic space and protect human rights defenders, in line with international human rights law (including, for example, anti-SLAPP legislation).
- Foster collaboration between multilateral and bilateral DFIs when engaging in global and regional standards-setting processes related to civic space issues, in line with the UN Guiding Principles on Business and Human Rights.⁸³



2. Contextual risk analysis

- Recognize that civic space restrictions pose an operational risk.
- Define consistent indicators to assess such risks across all countries.
- Conduct a thorough contextual risk analysis that assesses the impact of civic space restrictions, before project approval, as part of a comprehensive human rights due diligence
- Incorporate assessments of human rights and civic space in the country-level partnership frameworks or strategies.
- Ensure ongoing monitoring and institutional learning around how the bank is assessing and addressing civic space analysis.

⁸³ As recommended in the report “Development finance institutions and human rights”, UN Working Group on the issue of human rights and transnational corporations and other business enterprises, July 2023, <https://documents.un.org/doc/undoc/gen/g23/127/80/pdf/g2312780.pdf>

The contextual risk analysis should:

- assess civic space restrictions in relation to the location, sector, type of project and client, and how these restrictions impact project-affected communities and human rights defenders (including for example those defending collective, social and environmental rights);⁸⁴
- be based on the analysis of relevant documentation (including reports published by CSOs and UN organizations, mechanisms and procedures) and consultations with independent local and international civil society groups, to be conducted through a reprisal-sensitive approach;⁸⁵
- include in-depth screenings to assess corruption risks, especially for sectors or companies that have close ties to government officials and military institutions, adding extra integrity checks and safeguards for companies owned by politically exposed individuals;
- be specific to the project site location, taking into account local risk factors (such as military presence, disputed border areas, and civil unrest).



3. Minimum requirements and exclusion lists

- Establish minimum standards and requirements related to civic space, the protection of basic human rights and transparency that governments must meet to access DFIs financial or technical support.
- Exclude high-risk projects and those implemented through financial intermediaries in countries with closed civic space.
- Implement independent monitoring and apply heightened due diligence to projects involving both public and private security forces, ensuring that any use of force complies with standards set by the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.
- In consultation with civil society groups, establish additional requirements and/or exclusion lists. For example, DFIs should suspend financing for projects, temporarily or permanently, when there are credible reports of reprisals against defenders.

84 DFIs should screen all projects for human rights risks, including reprisal risks, assessing project-related and contextual risk factors such as: the enabling environment for public participation and human rights, the engagement process, risks related to the client, government or third parties, and the vulnerability of affected communities, including differentiated impacts on defenders and other marginalized or vulnerable groups.

85 When local CSOs cannot participate in consultations because of the security risks, DFIs should consider other options, including using secure online formats to solicit feedback and engage with CSOs working from abroad that coordinate closely with groups inside the country. For a more detailed list of recommendations indicating how to conduct reprisal-sensitive consultations, please see the recommendations included in the report “[Wearing Blinders](#)”.



4. Transparency and accountability

- Guarantee maximum levels of transparency and proactive disclosure of information on all DFI-supported activities in countries with closed civic space (including multi-country projects), aligning with international human rights standards on access to information. This should include information about the project (e.g.: investment amount, allocation of funds, risk assessments, appraisal documents, and monitoring and evaluation reports), safeguards and measures in place to mitigate potential risks, and channels for project-affected people to raise concerns or file complaints in case of harm.
- Ensure that information is accessible and available in local languages.
- Commit to ensuring remedies in cases of violations to stakeholder engagement requirements.



5. Participation

- Enhance environmental and social safeguards, to ensure meaningful engagement with rights holders and stakeholders at the project level.⁸⁶
- Establish procedures to proactively prevent potential reprisals, address them, ensure remedies, and demonstrate best practices in implementing non-repetition measures when reprisals are brought to the attention of the bank's staff, consultants, and/or management.
- Conduct effective monitoring of civil society engagement at the country and project levels, evaluating its contribution towards an enabling environment for public participation in decision-making.

In line with their extraterritorial human rights obligations⁸⁷ and commitments outlined in international fora,⁸⁸ governments as shareholders of DFIs and on the board of DFIs should:

- Publicly commit to ensuring that all DFIs they fund comply with the recommendations set out in this report.
- In DFIs where they are shareholders, instruct their Executive Directors to:
 - monitor the progress of DFIs in the implementation of these recommendations.
 - Regularly report back to their respective houses of parliament, and other public fora, on progress made in implementing these recommendations.
 - Encourage all DFIs they support to work together to address these recommendations.
- advocate within the board for compliance with the recommendations set out in this report,

⁸⁶ Civil society organizations have developed comprehensive recommendations on how to improve policies and practices to ensure meaningful stakeholder engagement. See e.g.: “[Uncalculated Risks](#)”, “[Wearing Blinders](#)”, “How can the IDB Group effectively implement its commitment not to tolerate reprisals in its projects and operations?”, Bank Information Center, May 2022, <https://bankinformationcenter.org/en-us/update/how-can-the-idb-group-effectively-implement-its-commitment/>; “Benchmarking Study of Development Finance Institutions’ Safeguards Policies”, OHCHR, February 2023, https://www.ohchr.org/sites/default/files/documents/issues/development/dfi/OHCHR_Benchmarking_Study_HRDD.pdf.

⁸⁷ See e.g.: Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 15, U.N. Doc. E/C.12/2002/11, para. 36 (2003) and General Comment No. 14, UN Doc. E/C.12/2000/4 (2000);

⁸⁸ For example, in 2023, 70 governments and authorities endorsed the Summit of Democracy Declaration, committing to protect human rights, civic space (including media freedom), and the rule of law. See: “Declaration of the Summit for Democracy” (March 2023), available at: <https://www.state.gov/declaration-of-the-summit-for-democracy-2023>. Also, in the 2022 Resilient Democracies Statement, several states across Europe, Asia, Africa, and the Americas committed to protect and foster open and pluralistic civic spaces. See: “[2022 Resilient Democracies Statement](#)” (June 2022), available at: <https://www.consilium.europa.eu/media/57544/2022-06-27-g7-resilient-democracies-statement-data.pdf>.