

# **THE ROLE OF CIVIL SOCIETY ORGANISATIONS IN HUMAN CAPITAL DEVELOPMENT AND ITS IMPACT ON LOCAL SUSTAINABLE DEVELOPMENT**

Discussion paper v2.1 SHORT

## Disclaimer

This report was prepared by Richard Allen for ETF.

The contents of the report are the sole responsibility of the ETF and do not necessarily reflect the views of the EU institutions.

© European Training Foundation, 2026 (May)

Reproduction is authorised, provided the source is acknowledged.

# 1. Introduction

## **How can civil society organisations engaged in human capital development and local sustainable development contribute to relevant policy development and policy implementation? What does good practice look like?**

This discussion paper has been prepared in advance of the European Training Foundation (ETF) webinar entitled “The Role of Civil Society Organisations in Human Capital Development and its Impact on Local Sustainable Development: Exploring challenges and opportunities”, scheduled for 23 June 2026.

The aim of the webinar is “to explore and better understand how civil society organisations (CSOs) contribute to human capital and local development. It aims to create space for sharing practical experiences, approaches and challenges in engaging with policy processes. Through these exchanges, the webinar seeks to identify emerging practices and lessons learned.”

This paper has been produced to support the webinar by providing a briefing covering the key concepts behind civil society engagement in human capital development (HCD) at the local level. The aim is to provide a common frame of reference for the issues that will be discussed and to be able to locate the experiences of participants within that frame.

This paper explores the nature of human capital development at local level and the policy areas that impact human capital development. It identifies some of the key challenges facing human capital development, and poses four key questions that will be raised in the webinar, together with sub-questions for further exploration.

## 2. Setting the scene

### **What are the human capital development challenges at local level?**

‘Human capital’ is a concept that covers survival, health and educational level<sup>1</sup> and is a fundamental contribution to the prosperity of all peoples. People who live longer, and are healthier and better educated will contribute more, not just to the economies, but to the quality of life. However, investments and policies promoting human capital have often taken a back seat, compared to investments in physical infrastructure. Human capital investments take longer to pay back, typically beyond the lifetime of single government cycles, making ‘hard’ infrastructure investment perceived to be politically more advantageous – at least in the short term.

The focus of politicians on electoral cycles and short-term payoffs means that there is a need for a critical counterbalance, a focus on the long-term benefits to whole populations. This is where civil society organisations and other social partners play a key role. They advocate for the long-term interests of the population beyond the single-government cycle, as well as for minority and excluded populations that may not be able to attract policy-makers’ attention.

Investment in human capital is now an increasingly complex affair. It goes beyond basic provision of health care and pre-school, primary and secondary education. The modern world requires a wide array of skills on leaving formal education, as well as the ability to acquire new skills during life. Education is expensive and shrinking budgets mean that governments have to spend less money more efficiently, and more targeted towards the needs of their economies. New technologies –

---

<sup>1</sup> World Bank Human Capital Index

exemplified by the arrival of artificial intelligence tools in our daily lives – mean workplace skills will be changing dramatically over the coming decades.

Policies and services for human capital development at the local level are decided by governmental responsibilities at different institutional levels. Local governments may be responsible for school buildings, but not for the recruitment of teachers or the definition of the curriculum. They may be responsible for the provision of pre-school education, but do not determine the budgets that fund it. Similarly, central governments might set vocational education priorities but not consider regional priorities outside the capital cities.

The wide variation in sub-national human capital outcomes supports the argument that citizens need to organise at the local level to voice their concerns and needs, in order that policy-makers – whether at local, national, or indeed international (in the case of European Union (EU) members and prospective members) levels – hear them and take their views into account.

## Examples of local HCD policy issues

### Scope

Human capital is influenced by a wide range of interventions and conditions throughout life. Early childhood education right through to health interventions for older people have profound impact on the wellbeing of adults and their ability to lead productive lives.

For the purposes of this discussion, we will concentrate on policies which affect adults of working age. Early childhood education and compulsory education for children and teenagers are important for HCD but not core to the ETF mission.

A 2025 OECD paper, “The role of subnational governments in adult skills systems”, identifies the primary services and activities of local government for human capital development.<sup>2</sup> The paper notes that, “[t]he core challenge in governing complex skills systems is that policy-making responsibilities for various policies are usually widely distributed across levels of government, ministries, public agencies, and non-public stakeholders (e.g., independent providers and community organisations). Located at the intersection of education, labour market, industrial, and other policies, skills policies require the coordinated involvement and commitment of multiple stakeholders. Beyond national, regional, and local governments, other stakeholders include employers and employer organisations, trade unions, workers, teachers, students, independent providers, and social economy organisations to achieve success.”

### Challenges

Local populations and civil society organisations with an interest in human capital development are typically faced with many challenges when it comes to HCD policy and provision of services. They might include the following:

#### Service availability & access

- Are services available? Local governments have a role in funding and resourcing such services, but may not be on their priority list, so may not exist in the local area.
- Are services the right ones? Do they respond to the local needs?
- Do all segments of the population have access to services? Are some people excluded on grounds of age, race/ethnicity, poverty, distance, or gender?

---

<sup>2</sup> OECD (2025), “The role of subnational governments in adult skills systems”, *OECD Local Economic and Employment Development (LEED) Papers*, No. 2025/02, OECD Publishing, Paris, <https://doi.org/10.1787/d452e8b7-en>.

### Service effectiveness

- Are the services on offer actually working? What are the success rates for services in getting people usefully employed? (or self-employed)? What data/evidence is there? Does it reflect the real situation?
- What do employers think? Are people who complete lifelong learning (LLL) courses more fit for the workplace? Do employers collaborate with service providers to make services more effective?

### Planning for the future

- Do authorities have a realistic understanding of the population's capabilities and needs? What data is available? Is it sufficient and does it reflect the real issues?
- Are economic development plans at local level responsive to the needs of the local communities? Do the authorities' plans for economic development align with the interests of the population?
- Is investment in the HCD sector sufficient?

### Administrative effectiveness

- Is there anyone in the local authority who has responsibility for ensuring planning, resourcing services? Do they have sufficient resources? Do they have sufficient responsibility?
- Are there elected officials who care about such services? Do they represent the needs of citizens in local assembly discussions?

### Wider population policies

- What are the population trends? Do services both reflect population needs, and respond to potential challenges, such as support for migrant inclusion and integration, reduction of emigration/depopulation?

### Civic space

- Do civil society organisations and other social partners have the freedom, resources and support to act and advocate? Are there unreasonable constraints on their ability to raise funds, communicate with the public and enter into dialogue with the authorities?

## 3. Discussion questions

The challenges outlined above – from fragmented institutional responsibilities and uneven service provision to shrinking civic space – are the daily working context for civil society organisations trying to make a difference to people's lives at the local level. The discussion questions here are intended to draw out the practical experience of participants in navigating these challenges: how CSOs decide where to focus their energy, how they build the capacity and coalitions needed to engage effectively, and what they have learned about what works — and what doesn't — across the very different political and institutional environments represented in the ETF partner region. There are no right answers here; the aim is to surface the range of practice and, from that range, to identify the lessons that are most transferable.

The questions are intended to stimulate reflection on what you have done, why you made certain choices, and what the outcomes of those actions and choices were. What are the general lessons that can be drawn and shared?

The webinar will not be recorded, and participants will be asked to follow 'Chatham House rules' – in other words, not to repeat or attribute any comments to specific individuals. The aim is to allow for free discussion of experience, including learning from challenges and difficulties as well as reporting on successes.

## Organisational choices and capacities

### *Q1. How do CSOs identify their policy priorities for local issues, and how do they decide whether and when to engage in a policy process?*

- Think about a time when your organisation decided to engage – or not engage – in a policy process. What factors did you consider when making your decision?
- How did you plan your policy campaigns?
- What was going on in the civic space context? How did that influence your planning?

### *Q2. How do CSOs ensure they have the capacities and resources necessary to engage in a policy process?*

- How did you assess whether you had sufficient resources to engage in the policy process? Think about resources more widely, not just in terms of funding, but also in terms of partners, public support, committed volunteers and staff, and legitimacy to engage.
- How did you go about obtaining the necessary resources that you lacked?
- What were the key skills and knowledge required for effective engagement in the policy process? How did you develop the skills and knowledge needed?

## Experience in policy engagement

### *Q3. What do effective approaches to engaging in policy processes look like?*

- What kinds of policy engagement approaches worked for you? Were they in positive conditions regarding civic space, or more negative conditions?
- What kinds of communication methods, messages, dialogue work best? Under what circumstances?

### *Q4. What is needed to support future CSO engagement in policy processes?*

- Reflecting on your experience, what were the main lessons learned for your organisation? For yourself?
- What is the best way to share these lessons with others?
- How can organisations like ETF best support CSO engagement in policy processes?

## 4. Next steps

The webinar will be held on 23 June 2026, with a small group of invited guests to focus discussion on the main question:

**How can civil society organisations engaged in human capital development and local sustainable development contribute to relevant policy development and policy implementation? What does good practice look like?**

Based on the contributions from participants, and supported by complementary research, ETF will then produce a concept paper which will set out experience and evidence on how to improve cooperation between government, civil society organisations and citizens for local human capital development. The paper will serve as a knowledge resource to inform ETF's policy work and strategic engagement with CSOs in partner countries.

It is hoped that webinar and the concept note are part of a longer conversation, building effective human capital development policy at local level and ensuring the maximum contribution from engagement with civil society and citizens.