

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

**PROPERTY AND TOURISM STRATEGY
REPORT ON THE INVITATION TO THE PUBLIC
TO COMMENT**

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ABBREVIATIONS AND ACRONYMS

BREEAM	Building Research Establishment Environmental Assessment Method
COO	Country of operations
CSO	Civil Society Organisation
EBRD	European Bank for Reconstruction and Development
ICT	Information and communications technology
ILO	International Labour Organization
LEED	Leadership in Energy and Environmental Design
PR	Performance Requirement
SDG	Sustainable Development Goal
UNWTO	United Nations World Tourism Organization

1. INTRODUCTION

The objective of this report is to provide an overview of the public consultation on the draft EBRD Property and Tourism Sector Strategy 2020-2024 (the “Strategy” or “P&T Strategy”). The report summarises key comments received from stakeholders during the consultation period, provides the EBRD’s responses, and notes revisions to the draft Strategy as applicable.

The final Strategy will replace the previous Property & Tourism Sector Strategy, approved in 2010. Under the new EBRD Property and Tourism Sector Strategy for the period 2020-2024, the Bank will support the development of sustainable and well-functioning real estate and hospitality sectors in the EBRD countries of operations, with development of green sustainable commercial real-estate, supporting of inclusive and sustainable tourism and promoting urban regeneration being at the heart of the Strategy.

The key drivers give rise to the following interrelated strategic directions of the 2020-2024 Property and Tourism Sector Strategy:

- Focusing on managing and developing green and sustainable buildings;
- Investing in development of inclusive and competitive hospitality and tourism sector;
- Promoting urban regeneration initiatives for more competitive, and greener cities;
- Supporting the diversification of funding sources for real estate development and ownership through the Capital Markets, facilitating the sector’s resilience.

In accordance with the Bank’s Public Information Policy, the EBRD invited the public to comment on the draft Strategy. The draft Strategy was disclosed from 16 July 2019 until 9 September 2019 in the English language, on the following webpage of the EBRD’s website: www.ebrd.com/strategies-and-policies/have-your-say.html

The EBRD widely notified stakeholders of the publication of the draft Property and Tourism Sector Strategy. The draft Strategy was shared directly with key partners and stakeholders, including national and international civil society organisations (CSOs), industry and business associations, and government institutions, as well as consultants and bilateral or multilateral development institutions.

In addition to soliciting written comments, the EBRD organised a public consultation in Cairo on 9 September 2019.

This Report on the Invitation to the Public to Comment includes an overview of the consultation process in Chapter 2; a summary of key themes and EBRD responses in Chapter 3.

Annex I details all the organisations involved in the public consultation, while Annex II sets out all the comments received from the public consultation together with corresponding EBRD responses to each of these comments, also including an explanation of how the EBRD has taken these comments into account in preparing the final Property and Tourism Strategy.

2. SUMMARY OF THE CONSULTATION PROCESS

Information about the public consultation process was posted on the EBRD website and a wide range of stakeholders were notified through multiple communication channels. Over **1,056 civil society organisations (CSOs) were invited** to provide comments and engage with EBRD on the Strategy through targeted notifications of the consultation process (by email as well as through communication on social media). The consultation was undertaken through: a) a public consultation meeting; and b) written comments. The consultation meeting focused primarily on civil society stakeholders (including civil society organisations, academia and research centres), industry and business associations. Annex I includes details of the stakeholders consulted during the public consultation period.

PUBLIC CONSULTATION MEETING

The EBRD invited comments on the draft Strategy in a public consultation meeting organised in Cairo on 9 September 2019.

A total of 49 targeted invitations were sent out to key stakeholder organisations, which resulted in 11 attendees and a total of 9 organisations represented at the public consultation.

The consultation was organised as a half-a-day event. The consultations started with a presentation of the draft Strategy that included the proposed operational approach of the Bank; the background and sector context; rationale, scope, and structure of the draft Strategy; as well as an overview of the Bank's activities in the property and tourism and key lessons from the implementation of the previous strategy.

WRITTEN COMMENTS

The draft Strategy was released on the EBRD's website on 16 July 2019 and was available for comments until 9 September 2019, in line with the Bank's Public Information Policy, according to which the public is invited to provide comments to the Bank during a period of 45 calendar days. Given the public consultation period took place in summer, some additional days of consultation were envisaged to accommodate the receipt of comments also in early September.

Written comments were also received from 3 organisations which are also listed in Annex I.

3. SUMMARY OF KEY THEMES FROM THE CONSULTATION PROCESS AND EBRD RESPONSES

The comments received in the course of the consultation period have been comprehensive and covered all aspects of the Strategy. A number of observations and recommendations were made by multiple stakeholders and/or multiple times. These key comments are summarised below, grouped by themes, which follow the structure of the Strategy. Annex II presents a detailed table of all comments received during the public consultation process, including the input received in consultation meetings and through written submissions. Responses by EBRD management are also presented. As per standard EBRD practice, the commentators' identities are not disclosed for confidentiality reasons; however, the names of the organisations, who have not requested to remain anonymous, are listed in Annex I.

The comments have been grouped into eight themes for a total of 46 comments.

The Bank appreciates the time and effort made by many stakeholders to help improve the Strategy and thanks all contributors for their comments.

**ANNEX I - LIST OF ORGANISATIONS THAT PARTICIPATED IN PUBLIC
CONSULTATION MEETINGS OR SUBMITTED WRITTEN COMMENTS**

Number	Organisation	Category
1	Al Ismaelia for Real Estate Development	Private Sector
2	Cairo University	Academia
3	Embassy of Spain	Public Sector
4	Green Building Council, Egypt	Civil Society Organisation
5	Hurghada Environmental Protection and Conservation Association	Civil Society Organisation
6	Jones Lang LaSalle	Private Sector
7	National System LLC	Private Sector
8	Nature Conservation Egypt	Civil Society Organisation
9	UN World Tourism Organization	International organization
10	Travel Appeal	Private Sector
11	CEE Bankwatch Network	Civil Society Organisation

ANNEX II - SUMMARY OF COMMENTS

1. Implementation of 2010-2017 Strategy

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
1.1	Civil society welcomes the lesson learned for the need for “ <i>Sharpened policy dialogue in key focus areas and enhanced engagement in TC</i> ”. Policy dialogue and Technical Cooperation need to ensure transparent and participatory urban planning, as well as safeguards for integrity of land use changes and prevention of human rights violations.	The Bank takes note of this.
1.2	It was suggested to provide examples of real impacts- in terms of improving people’s life- of the previous strategy.	Specific case studies are included in the EBRD Evaluation Department Property Sector Strategy Evaluation report from January 2019 (https://www.ebrd.com/what-we-do/evaluation-latest-reports.html)
1.3	Large urban property developments are considered often controversial, hence the interest expressed on the challenges encountered in terms of public acceptance of projects. A matter of interest is also represented by integrity challenges and other lessons learned, for instance of iconic projects like the Sveti Stefan resort funded by the EBRD in 2010.	The projects are evaluated on a standalone basis and have to comply with all EBRD policies, including integrity, environmental, information disclosure and stakeholder engagement. In April 2019, EBRD’s Board of Directors approved an updated Environmental and Social Policy. (https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html). After disbursement the Bank conducts close monitoring to ensure on-going compliance with EBRD’s policies and deal terms.

2. Sectoral challenges and regional transition challenges

Overall civil society expressed endorsement of the Sector Trends and Challenges in Real Estate and Hospitality.

2.1 Climate change: Buildings have to become greener in substance and better managed for resource efficiency

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
2.1.1	The EBRD was asked what type of intervention could be carried out in regions where appropriate environmental	EBRD’s sustainability requirements take into account the development level of the market. Sustainability requirements and certification levels sought in frontier markets are lower than

	facilities and regulations are not in place.	those in the more developed and EU geographies. This approach is supported by providing donor technical co-operation funds to assist clients in less developed markets to implement sustainable practices such as international sustainability certification (e.g. LEED / BREEAM), green leases implementation etc.
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2.2 Globalisation and trade: Tourism is growing but has to become more inclusive

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
2.2.1	Reference to the UNWTO Tourism Barometer and Statistical Annex (2019) should be made in relation to data on the increase of tourism arrivals.	A footnote has been integrated at page 13 of the Strategy.
2.2.2	The link between job creation and digital transformation could be made.	Innovative technologies and related features will be supported at project level, including in the field of social inclusion.
2.2.3	It is noted that the lack of vocational and other skills development opportunities are often missing in seasonal jobs.	The reflection has been integrated at page 13 of the Strategy as follows: “ <i>Adequate vocational skills are missing among youth population and available jobs are mostly seasonal in nature</i> ”
2.2.4	Seasonal jobs are often associated with low pay and poor physical working/accommodation conditions, leading many young people to prefer poverty, migration, or reliance on family safety nets over seasonal work, while at the same time there is a shortage of seasonal labour. Therefore special attention needs to be paid also to labour standards. Although these are a matter of safeguard policies and would not usually be a strategic focus, they are integral to achieving results on inclusion.	<p>P&T projects are structured to comply with the EBRD’s Environmental and Social Policy Performance Requirement 2 on Labour and Working Conditions. This includes the need to ensure compliance with national labour and employment laws as well as collective agreements to which the client is party. PR 2 also provides the guidelines on how to respect and protect the fundamental principles and rights of workers in accordance with the ILO core Conventions.</p> <p>Projects that promote social inclusion (see case study in the Evaluation Report of the Property and Tourism Sector Strategy - https://www.ebrd.com/what-we-do/evaluation-latest-reports.html) focus on providing accredited training programmes that significantly enhance the skills of the participants.</p>

2.3 Demographic change and urbanisation: Strategic planning will be key for greener and more liveable cities

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
2.3.1	The Strategy should recognise the disruptive impact of the platform economy on the urban environment. For example, sharing accommodation, accelerates the process related to the transformation of residential buildings into vacation rentals.	The strategy implicitly addresses the challenges (as well as potential benefits) arising from the ‘platform economy’ through its focus on sustainable tourism including policy dialogue activities relating to backward linkages to the local economy and the Bank’s partnership with UNWTO, which is developing a series of policy papers on ‘overtourism’.
2.3.2	It was suggested to add the adjective “ <i>Participatory</i> ” to define the strategic planning process of urban regeneration projects. This would represent an important recognition of the crucial role played by permanent city dwellers in sharing their needs and perspectives for greener and more liveable cities. It is noted that there is often public resistance to urban projects planned without transparent, meaningful and inclusive consultation processes.	EBRD recognises the importance of thorough and meaningful public consultation during the implementation of urban regeneration projects. Teams engaged in supporting public sector beneficiaries with advisory analysis and documentation under Technical Cooperation assignments are required to ensure that this work not only aligns correctly with the local legislation regarding public consultation, but also innovates wherever possible to ensure relevant publics are engaged early and meaningfully. Participatory planning methodologies are likely to feature heavily in these efforts. It is important to note that the Technical Cooperation support provided by EBRD in the urban regeneration sector is intended to complement the activities of government actors, not replace them.

2.4 Transition challenges

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
2.4.1 green	A suggestion was made to make direct reference to SDG 12 on sustainable consumption and production on SDG 13 on climate action.	Explicit reference to the contribution to SDG 12 and 13 was integrated at page 16 of the Strategy.
2.4.2 green	The Strategy needs to clarify the green criteria for a project to be considered by the EBRD as part of its Property and Tourism portfolio. This would help in identifying the EBRD’s added value in supporting a project. Civil	The sustainability evaluation of stand-alone property and tourism projects is done in accordance with the EBRD’s Green Economy Transition approach (https://www.ebrd.com/what-we-do/get.html) focusing mostly on enhancing energy and resource efficiency as well as enhancing climate resilience.

	society expressed a certain degree of concern in relation to the risk of greenwashing standard commercial developments by including minor green elements.	
2.4.3 green	A suggestion was made to replace the term “cultural heritage” with “natural heritage”, as this also accounts for the protection of a country’s biodiversity and landscape.	Nature and environmental considerations are taken into account in every EBRD project according to EBRD’s Environmental and Social Policy, including in projects executed under the cultural heritage framework.

2.4.4 well-governed	Public participation and ensuring watertight integrity due diligence will be key to the success of the Strategy. The perception is that property developments in the EBRD’s COO may frequently attract public discontent due to perceptions of secretive decision-making and corruption, reduced access to, and functionality of, urban space. Stakeholder engagement is mentioned in the Strategy draft, but this aspect could be strengthened.	Detailed integrity due-diligence is performed as part of every project preparation process. The strictest integrity standards are applied and the reputational risks are assessed and evaluated throughout the approval process, especially in light of the real-estate sector specifics. EBRD’s Environmental and Social Policy provides the framework with regards to the information disclosure and stakeholder engagement (Performance Requirement 10).
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2.4.5 integrated	Tourism represents an important opportunity for economic diversification and regional development. In 2017 in the global economy tourism was the third export earning category after fuels and chemicals.	The EBRD takes note of the comment and acknowledges the importance of tourism in economic diversification and regional development.
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2.4.6 resilient	Regions which rely heavily on tourism should diversify its sources of income as otherwise economic slowdowns can adversely	One of the EBRD’s key goals when investing in tourism is to increase the sector’s competitiveness through enhancing the backward linkages to the local / regional suppliers. These actions in turn translate into increased regional economic diversification
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	impact the development of these regions.	due to stronger local industrial and service sectors (agriculture, textile, chemicals, transportation etc.)
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3. Bank's strategic approach and focus areas

3.1 Investing in developing and managing green real estate

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
3.1.1	Explicit reference to SDG 12 and SDG 13 is recommended.	The comment has been reflected in Focus Area 1.
3.1.2	The focus on green building is welcome by civil society.	The Bank takes note of this.
3.1.3	Interest was expressed on how to create commercial linkages between sustainability and financial profitability in relation to the upgrading and retrofitting of buildings.	Environmental investments are done on commercial terms and are assessed based on their ROI, NPV and payback period, on the back of the savings generated over the building's life cycle, whether it's a retrofit or a green field development. As buildings economic life is very long, sustainability investments have a strong economic rationale in a world of rising energy costs and pressure on natural resources.
3.1.4	Measures such as certifications and emission reductions are considered only part of the sustainability mix. Especially in the building sector, circular economy practices of construction should be considered to ensure relevant waste recycling practices.	Integration of circular economy practices and techniques is part of "Focus Area 1: Investing in developing and managing green real estate".
3.1.5	The Strategy could clarify what are the green parameters needed for the EBRD to get involved in a project. Considering that a building supported by the EBRD is unlikely to be retrofitted again soon after the Bank's investment, it needs to be made clear what standards the Bank considers sufficient to justify its added value in terms of environmental improvements.	The minimum level of green parameters, or the minimum environmental performance and standards are available in the EBRD Green Economy Transition technical guide, item 3.3 on page 4. (https://www.ebrd.com/what-we-do/get.html)

3.2 Investing in development of inclusive, and competitive hospitality and tourism

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
3.2.1	It was suggested to provide a specific focus for the capacity building of skills in environmental management. Green jobs should be regarded as	During the strategy period, the Bank will support sustainable tourism through promoting green sustainable facilities and efficient management and operations of such facilities. The Bank will explore options of supporting

	a key focus on green buildings and their related management.	capacity building in the area of environmental management.
3.2.2	The focus on inclusive tourism is welcome by civil society.	The Bank takes note of this.
3.2.3	Concerns of gentrification in conjunction with urban regeneration were raised.	The Bank recognises that it is important to align both objectives in order to create diversified, sustainable and well-managed tourism in its countries of operations. In order to achieve this, the Bank works closely with governments, local municipalities, civil society and the private sector to maximise the potentials of tourism in terms of job creation, cultural heritage preservation and environmental protection.
3.2.4	Interest was expressed about the EBRD support to educational institutions for training purposes.	EBRD cooperates with and supports educational institutions which provide training to enhance skills of the local populations in the EBRD countries of operations, specifically in the areas of hospitality and tourism. A recent example includes EBRD's help in establishing the first tourism and hospitality sector skills organisation in Jordan in 2018.

3.3 Promoting urban regeneration initiatives for more competitive and greener cities

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
3.3.1	In relation to urban regeneration, the Strategy could mention the issue of gentrification and the switch of the role of the city centre becoming a main attraction for visitors rather than the main place to live and work for residents.	With the Bank's projects in brownfield regeneration, EBRD aims to realise real value from underused urban land, thereby contributing towards creating more sustainable and liveable cities. Through the promotion of efficient private / public cooperation, the Bank supports sensitive urban development and approaches urban regeneration in a holistic and inclusive manner.
3.3.2	The focus on sustainable urban regeneration is welcome by civil society.	The Bank takes note of this.
3.3.3	The Strategy could also more comprehensively address the pitfalls of urban regeneration, such as the risk of threat of evictions, the demolition of old neighbourhoods as well as local communities' resistance to the destruction of green areas in lucrative city locations.	Through engaging in impactful policy dialogue on urban regeneration initiatives with municipalities and other stakeholders such as local businesses and land owners, community based civil organizations and universities across the EBRD COO, the Bank aims to minimise these risks. As noted above (comment to 2.3.2) the EBRD requires that any project benefiting from Bank-funded Technical Cooperation adheres fully to all local consultation and planning legislation. Within this framework, green areas in urban centres are likely to be given strong protection.

3.3.4	Civil society expressed interest to understand at what stage of projects in urban regeneration and retrofitting an analysis of the future management of the property is undertaken, so as to avoid a potential failure of the project.	Such analysis is an integral part of the due diligence process of the EBRD in order to assess the viability of the project financing. The future management of the property falls under the transition criteria of 'well-governed' and it is therefore systematically assessed before undertaking any project.
3.3.5	Urban regeneration may induce a shift of touristic interest from one area at the expenses of another area. Therefore it is important to apply geographical balance in considering projects for financing.	The Bank promotes additionality and innovation in both technical cooperation and banking activities. Projects that address un-met demand, or create new markets, are preferred over projects predicated purely on winning market share. In the specific case of urban development, we will work with a range of cities – from those located in growth regions to those located in demographically static regions.

3.4 Other recommendations on the Bank's strategic approach and focus area

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
3.4.1	It is suggested to acknowledge the contribution of the Strategy towards cultural preservation and mutual understanding.	The comment has been integrated and is reflected in the Executive Summary.
3.4.2	In view of the impact of digitalisation in the sector, major focus on investments in Information and Communication Technology (ICT) is recommended. Support to digitalization, including of digital skills, is considered crucial for a competitive as well as inclusive sector. It is suggested to include a specific reference to digitalization as part of the sector's trends.	The Bank will support innovative features as part of its projects, including innovative solution that relate to proptech and digitalization.
3.4.3	Civil society expressed interest to learn whether the EBRD would also promote nature tourism such as birdwatching, which some environmental organisations are seeking to promote in hotels for the preservation and appreciation of natural heritage.	The Bank would be willing to explore a wide range of tourism projects, – including, but not limited to responsible nature tourism – being one of the decisive factors whether to engage further. The final decision to support a project takes into account a number of other commercial and developmental factors as well.

4. Link to EBRD country strategies

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
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4.1	Interest was expressed for the certifications required for projects in Egypt.	The EBRD is targeting to invest in sizable landmark projects with high sustainability levels to create demonstration effects. Sustainability requirements are not country but project-specific. Additional information can be obtained from the EBRD Green Economy Transition (https://www.ebrd.com/what-we-do/get.html)
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5. Performance monitoring framework

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
5.1	An effective market analysis needs to integrate official statistics with the Human Experience data. Such type of information is becoming increasingly important since it provides a real-time overview about the experience of existing customers, prospected ones, as well as local communities. Being available on the web, such feedback is mostly public. Hence the reviews become a crucial aspect of the tourism industry.	The Bank takes note of this and will take this aspect into account as part of the future due-diligence process.
5.2	The performance indicators in the draft are perceived to be too focused on quantitative indicators and not enough on qualitative indicators on positive impacts on people on the ground.	The performance indicators are chosen taking into account comparability and meaningful aggregation of information. This includes aggregation of qualitative indicators set at project level, by counting the instances of cases where the relevant qualitative indicator was successfully achieved. The context specificities would be captured by the qualitative project level monitoring information and will affect the ex-post assessment of Transition performances and its score (PTI) during project implementation.
5.3	The Strategy could clarify the practical implications of the performance indicators “ <i>Numbers of hectares of urban land moved from non-productive into economically productive use</i> ”. Would destruction of urban green areas suggest successful implementation based on such? Are city parks productive or non-productive areas of land? For instance, an old neighbourhood in Tashkent -	The Bank recognises that green spaces or older city neighborhoods hold economic value that goes beyond simple revenues. The main focus of the urban regeneration initiative is the use of abandoned sites (ex-industrial, ex-logistics, ex-military etc...) and the repair or renewal of dilapidated building assets. We would not define urban green areas as non-productive. The Bank expects clients or technical cooperation beneficiaries to adhere to all local planning and consultation regulations in addition to, or in parallel with, activities undertaken as part of the Technical Cooperation assignment. Thus, development decisions should only proceed

	would it become more productive, if the old residential area would be demolished to open up space for hotels or business centres?	following appropriate levels of consultation. We do not anticipate projects involving removal of green spaces, or demolition of heritage assets to be brought forward by clients and beneficiaries in the first instance.
5.4	General concerns were expressed about the gap between commitment to sustainability of international organisations and real outcomes, which are hard to measure.	In recognition of this challenge, the EBRD – in line with the practice of other international organisations- has set up a dedicated team focussing on results management, which works in close collaboration with sectoral teams, including Property and Tourism to develop strong performance monitoring frameworks.

6. External partnerships

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
6.1	The logo of the UNWTO is to be updated with the new one.	The new logo of UNWTO was featured in the Strategy.
6.2	There was interest to know whether the EBRD is closely collaborating with relevant Ministries of Tourism.	The Bank cooperates with several Ministries of Tourism in its countries of operations to promote sustainable and inclusive hospitality and tourism sectors. The most recent example of cooperation between EBRD and a national ministry of tourism is the launch of a pilot destination management programme with the Greek Ministry of Tourism on the Islands of Santorini and Rhodes in summer 2019.

7. SDGs and cross sectoral linkages

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
7.1	Correct reference to SDGs is to be mainstreamed across the document.	Correct reference to the SDGs has been made throughout the document.
7.2	According to UNWTO tourism has the potential to contribute, directly or indirectly, to all of the SDGs. In particular, it has been included as targets in Goals 8, 12 and 14.	The EBRD Property and Tourism Sector Strategy focuses on the specific contribution of 4 SDGs, namely decent work and economic growth (#8), sustainable cities and communities (#11), responsible consumption and production (#12) and climate action (#13).

8. Other

<i>N</i>	<i>Comment</i>	<i>EBRD Response</i>
8.1	Interest was expressed for the EBRD criteria for the financing of projects.	The EBRD criteria for the financing of projects are sound banking, additionality and transition impact. The transition impact is assessed against the six transition qualities, namely green, inclusive, well-governed, integrated, resilient and competitive.

8.2	The draft Strategy was praised to be accurate and complete.	The EBRD is grateful of such recognition in relation to the efforts made in the draft of the Strategy.
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