

PUBLIC

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

STRATEGY FOR GREECE

**REPORT ON THE INVITATION
TO THE PUBLIC TO COMMENT**

PUBLIC

1. INTRODUCTION

The objective of this report is to summarize key comments received from the general public and civil society stakeholders during the consultation period dedicated to the Bank's first Strategy for Greece. The country became the newest EBRD country of operations in May 2015, when the EBRD Board of Governors agreed to invest in Greece on a temporary basis (until 2020) in response to a request from the Greek authorities to contribute to the recovery and enhance the resilience of the Greek economy.

In accordance with the EBRD's Public Information Policy (PIP), the draft Strategy for Greece was posted on the EBRD website in English and Greek for 45 calendar days, from 25th April until 6 June 2016.

Information about the public consultation process was posted on the EBRD's dedicated webpage "Have your say", which highlights the latest opportunities for the public to comment on the Bank's policies and strategies under review. In addition, targeted notifications of the consultation process were sent to local and international civil society organisations (CSOs) that have expressed interest in the Bank's work in the country. The start of the review process was also advertised through social media platforms (e.g. Facebook and Twitter).

In line with the Bank's increased efforts to involve civil society at an early stage of country strategy development, the EBRD organised a consultative meeting with CSOs on 4 March 2016 in Athens to gather civil society's feedback during the preparatory phase leading to the draft strategy. The consultation provided a platform for dialogue between civil society representatives and EBRD staff involved in the country strategy preparation process. The consultative meeting was chaired by the Head of the Resident Office in Greece. The workshop attracted civil society representatives from 15 local civil society organisations.

During the consultation period no comments were received by the Bank in written format. This report summarises the discussion held with civil society representatives during the consultation meeting in Athens. The summary was circulated with participants for their comments and feedback.

Summary of EBRD consultation meeting with civil society representatives- Athens, 4 March

Overview of comments received

Civil society participants were interested in learning more about the sectors of EBRD investments in Greece and the Bank's business model, including the size of loans and the Bank's risk propensity. There were two specific recommendations for the Bank to invest in Information and Communication Technologies (ICT) and local Financial Institutions (FI). It was also inquired whether the Bank would consider financing projects in micro-finance institutions, in cooperative banks and in the pharmaceutical sector. Civil society participants also asked whether public private partnerships (PPPs) would be supported by the Bank in the forthcoming strategy period.

Representatives from civil society organisations urged the Bank to foster foreign direct investment with the objective to promote the internationalisation of the Greek economy. Challenges related to corporate taxation and access to finance for businesses were highlighted to the EBRD as main barriers to private sector development. One participant asked whether the Bank would invest in companies investing in Greece but not domiciled in the country.

Organisations dealing with transparency issues requested clarifications on EBRD procedures for stakeholder engagement and public information disclosure.

Sectors of EBRD investments

The EBRD might consider financing any relevant project in the sectors of the Bank's portfolio, including *inter alia* agribusiness, both in terms of food production and processing, manufacturing and services, ICT, FI, sustainable energy, natural resources, tourism, municipal sector and transport.¹ Investments in the pharmaceutical industry might also be considered according to circumstances. The EBRD does not consider as a priority to invest in micro-finance and cooperative banking system, unless a clear bankability of projects is demonstrated.

The EBRD does not invest in defence-related activities, the tobacco industry, selected alcoholic products, substances banned by international law and stand-alone gambling facilities. The EBRD will also not knowingly finance, directly or indirectly, projects involving any of the activities listed in the EBRD Environmental and Social Exclusion List.

EBRD business model

The EBRD is a demand driven and private sector focused development bank. The EBRD provides mainly loans and only in limited circumstances technical assistance (through grants). Project proposals are screened according to three main criteria: sound-banking, additionality and transition impact. The Bank does not distribute dividends among its shareholders but still finances projects with a reasonable return rate. The Bank is not meant to

¹ The full list of sectors supported by the EBRD in its region of operations is provided at <http://www.ebrd.com/what-we-do/sectors-and-topics.html>.

crowd out private sector investors but to be additional to the local financial market. Ultimately, the Bank invests in those projects that could contribute in helping the recovery of the country and a well-functioning market economy. Risk is taken according to the individual projects' circumstances.

The average size of the EBRD loans is 5 to 15 Million Euros. In its region of operations the Bank has also made smaller direct investments when clear innovative and demonstration effects could be identified. Despite flexible requirements in terms of collaterals, the Bank looks for sound business plans, cash flows and favourable market conditions. For smaller loans the EBRD provides credit lines through local FIs.

Supporting the creation of an investor friendly country and promoting private sector investment in infrastructure

The EBRD is committed to build confidence in the country for both Greek and international companies alike. The Bank is aware of the challenges for companies to compete and survive in an open market like Greece, characterised by heavy corporate taxation and credit constraints.

The Bank is committed to promoting a better delivery of services through commercialisation of infrastructure conditional to political will and a favourable legal framework. PPPs might be explored in sectors such as street lighting, road construction and waste management.

Domiciliation of EBRD clients

The EBRD conducts a comprehensive due diligence on projects, also in relation to the domiciliation of prospective clients. In accordance with its Domiciliation Policy, the Bank closely scrutinises if domiciliation of companies is related to tax avoidance or tax efficiency issues.

Stakeholder engagement and information disclosure

The Bank consults with civil society and discloses information according to its Public Information Policy. The projects financed by the EBRD are structured to meet the requirements of the Bank's Environment and Social Policy, which also include a performance requirement in relation to stakeholder engagement and information disclosure (PR 10).

Despite envisaging a formal consultation process only during the course of the Strategy preparation, the EBRD routinely discloses projects' information and other activities on its website to ensure public access to information. The Bank pursues an open dialogue with civil society and welcomes queries that can be addressed anytime to the Civil Society Engagement Unit at csso@ebrd.com or directly to Resident Offices.

List of participating organisations:

1. Society of Social Psychiatry and Mental Health
2. Bodossaki Foundation

3. Athens Public Information Law Center
4. Centre for Planning and Economic Research, University of Cambridge
5. Transparency International- Greece
6. Hellenic Network for CSR
7. Global Compact Network Hellas
8. Bridging Europe (think-tank)
9. Andreas Papandreou Foundation
10. Nivaco Ent. Ltd.
11. Petagma
12. Volunteer4Greece
13. Greek Society of Regional Scientists
14. Centre for Planning and Economic Research (KEPE)
15. Foundation for Economic and Industrial Research