

PUBLIC

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

STRATEGY FOR POLAND

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

PUBLIC

1. INTRODUCTION

In accordance with the EBRD Public Information Policy (PIP), the draft Strategy for Poland was posted on the EBRD website in English and Polish for 45 calendar days, starting from 15 January to 19 March 2018. The previous Strategy was also made available on the website in English and Polish at <http://www.ebrd.com/poland.html>.

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 civil society organisations on 14 November 2017 in Warsaw 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 Strategy preparation process.

The consultative meeting was chaired by the Head of the Resident Office in Warsaw. The workshop attracted civil society representatives from four local civil society organisations. The summary of the meeting and list of participating organisations are provided in the Annex to this report.

During the consultation period no comments were received by the Bank in written format.

Summary of EBRD meeting with civil society – 14 November 2017, Warsaw

On 14 November 2017, the EBRD Resident Office in Poland hosted a workshop with civil society representatives in Warsaw. The event was attended by participants from four local civil society organisations, including NGOs and think tanks working in the area of public policy, economic reform, business and labour issues. Following a presentation on the Bank's activities and key operational priorities in the forthcoming EBRD Strategy, the floor was opened for a roundtable discussion on topics including economic competitiveness, SME support, innovation and capital market development, green economy and good governance.

Participants welcomed the Bank's approach in consulting civil society at an early stage of the country strategy process and encouraged the Bank to pursue dialogue with civil society as part of institutional decision-making processes. CSO representatives furthermore broadly endorsed the main operational priorities set forth in the upcoming Strategy for Poland.

Economic competitiveness and private sector development

Participants consider that support for SMEs and start-ups should play an important role in fostering private sector development in Poland. According to civil society representatives, Polish SMEs would benefit from better access to finance and more systematic support. Moreover, CSOs claim that the shrinking labour force is a significant impediment to greater productivity in the country. They also highlighted that around 25% of the workforce are on short-term contracts, which is among the highest in the EU. Moreover, skills mismatch affects the efficient functioning of the labour market, due in part to the education system not being sufficiently aligned with labour market needs.

The EBRD assured participants that it will promote the competitiveness of the Polish economy by enhancing the capacity of private sector companies. The Bank will support growth-oriented and innovative companies, including those seeking to expand internationally, through both equity and innovative, tailored debt solutions. By combining financing with advisory or fund manager support, the EBRD will help enhance corporate governance and productivity, skill transfer and backward linkages. The EBRD will also strengthen knowledge transfer, adoption of best practices and development of local supply chains by supporting foreign investment.

Innovation and capital market development

Civil society representatives pointed to the fact that equity instruments, including private equity and venture capital, are key vectors for increasing innovation and competitiveness in Poland. According to CSOs, complementing substantial public funds in this area will be important to develop the market properly. They also suggested that the EBRD should leverage ideas put forward by think tanks in this area and engage with civil society to the largest extent possible.

In response, the Bank will couple policy engagement and advisory on equity and debt capital market development with investments to support introduction of alternative sources of long-term finance and new and more sophisticated funding instruments. The EBRD will moreover encourage greater formation of private risk capital and sustainable development of venture capital and private equity through investments. The Bank will also continue investing in new issuances on the debt capital market, enhancing the formation of a critical mass of corporate bonds and supporting secondary trading.

Green economy

Energy intensity, air pollution and CO₂ emissions are among the main environmental issues raised by civil society stakeholders. In this regard, CSOs claimed that energy intensity in Poland is nearly twice the EU average, encouraged by domestic deposits of fossil fuels – while the share of renewables in the energy mix stands at only 11.8%. Air pollution is allegedly a major issue, with Poland home to 7 of 10 cities in the EU with the highest levels of particulates. Participants pointed out that energy efficiency in buildings and other “green” investments aimed at decreasing air pollution have the potential to substantially improve public health in Poland. They told EBRD representatives that the Bank’s intermediated energy efficiency lines are appreciated by small businesses for their simplicity. They also emphasized the importance of measures promoting Smart Cities.

To tackle these issues, the EBRD will continue to support Poland’s green economy by fostering energy efficiency, enhancing renewable energy, and promoting sustainable practices. The Bank will support energy efficiency investments and innovative green economy technologies in the public and private sectors, with an emphasis on district heating, green buildings, and residential and commercial energy efficiency. It will provide intermediated financing through PolGEFF, PolREFF and other credit lines targeting SMEs and residential projects. The EBRD will also support the enhancement of energy storage and improved efficiency in generation, transmission and distribution, and explore projects to improve energy interconnectivity. Furthermore, the Bank will foster the introduction of the Smart City solutions to enhance efficiency and reliability of urban infrastructure.

Transparency and good governance

Participants claimed that lack of transparency at the government decision-making level persists, including in the budgetary process, public procurement, and state aid. According to CSO representatives, the lack of transparency extends to monitoring the design and implementation of projects, including public-private partnerships (PPPs), transport and energy projects. CSOs also claimed that although the quality of Poland’s institutions has substantially converged to OECD standards, particularly since EU accession in 2004, SOEs still lack sufficient transparency (for example the extent of state control and Board decision-making).

The Bank assured CSOs that it will continue selective engagement with SOEs to promote market-based reform and commercial practices, particularly to improve corporate governance, diversify funding sources and enhance private sector involvement. The EBRD will moreover increase private sector participation in development of integrated and intermodal transport infrastructure, including through PPP and concession structures.

List of participating organisations to the consultation meeting in Warsaw on 14 November 2017

1. Stefan Batory Foundation
2. Wise Europa
3. Business Center Club
4. Lewiatan Confederation