

PUBLIC

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

STRATEGY FOR THE SLOVAK REPUBLIC

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

PUBLIC

1. INTRODUCTION

The objective of this report is to summarise the key comments received from stakeholders during the consultation period dedicated to the Bank's Strategy for the Slovak Republic and provide the Bank's management responses to these. The comments received during the public consultation period were reviewed by the Bank's management and reflected in the Strategy as appropriate.

In accordance with the EBRD Public Information Policy (PIP), the draft Strategy for the Slovak Republic was posted on the EBRD website in English and Slovak for 45 calendar days, starting from 6 October 2017 to 19 November 2017. The previous Strategy was also made available on the website in English and Slovak at <http://www.ebrd.com/slovak-republic.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).

One letter on the draft Strategy for the Slovak Republic was received during the public consultation period.

In line with the Bank's increased efforts to involve civil society at an early stage of country strategy development, the EBRD organised consultative meetings with civil society organisations (CSOs) in Bratislava on 25-26 July 2017, in order 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 summary of the meetings and list of participating organisations are provided in the Annex to this Report.

2. PUBLIC COMMENTS AND STAFF RESPONSES

Reference	Comment	EBRD Response
Environmental and Social Implications		
Assessment and Management of E&S Impacts, Stakeholder Engagement	<p>The public comment calls for ensuring meaningful stakeholder engagement complying with the requirements of the Aarhus Convention as regards the environmental and social implications of projects.</p> <p>Another comment recommends ensuring the public with access to information, public participation and access to justice in environmental matters, in accordance with the provisions of the Aarhus Convention.</p>	<p>The EBRD will ensure that direct, indirect, cumulative and transboundary environmental and social impacts of projects are appropriately assessed and mitigated, and that meaningful stakeholder engagement is carried out, especially for inter alia large infrastructure and energy sector projects.</p> <p>Such stakeholder engagement, alongside ensuring public access to information, public participation and access to justice in environmental matters, will be carried out bearing in mind the spirit and principles of the UNECE Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention).</p>

Summary of EBRD meetings with civil society representatives – 25-26 July 2017, Bratislava

On 25-26 July 2017, the EBRD Resident Office in the Slovak Republic hosted consultative meetings with civil society representatives in Bratislava. The meetings were attended by three participants from local civil society organisations, including the Open Society Foundation, Fair Play Alliance and Energy Centre Bratislava. Following an overview of the Bank's activities and key operational priorities in the forthcoming EBRD Strategy, the discussions with CSOs focused on a wide range of topics, including transparency and anti-corruption, private sector competitiveness and sustainable energy policies.

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 the Slovak Republic.

Corruption, transparency and good governance

Transparency and corruption are perceived as serious challenges by CSO representatives in the Slovak Republic. Although public authorities are considered to have made some progress over the last years in tackling the problem, corruption remains a serious issue of concern, in particular as regards high-level prosecutions for corruption, as well as the independence of the judiciary. CSO representatives claimed that corruption affects both the central and local levels of government, with public resources being spent in a preferential manner, including through opaque public procurement procedures. According to CSOs, this also had an impact on EU funds, which were allegedly not being managed, distributed or monitored adequately. Participants moreover pointed out that the EBRD and other international financial institutions should maintain the highest standards of transparency and accountability in the selection of business partners for their projects.

The Bank assured participants that it follows its own rigorous internal processes before deciding to invest in any project and during project implementation, and takes very seriously the need to balance the merits of its potential projects with its focus on integrity due diligence. This covers companies and sponsors, as well as significant contractors and other possible beneficiaries of any Bank support.

Sustainable energy policies

Participants claimed that there was a substantial need for enhanced energy efficiency in the corporate and municipal sectors in the Slovak Republic. Moreover, the residential sector had large energy efficiency needs, especially in regard to heating. According to CSOs, despite reducing its energy consumption since EU accession, energy and carbon intensity in the Slovak Republic remained among the highest in the EU. Representatives of civil society organisations also shared their expectations in terms of the role played by the EBRD in enhancing compliance with environmental and social standards by companies, and advancing corporate social responsibility practices.

The EBRD will support energy and resource efficiency investments and innovative green economy technologies in the private and public sectors, through financial intermediaries. Also, subject to the engagement and financial support of relevant Government authorities, the Bank will help design and implement financial investments for green economy projects (including, inter alia, using and adapting EBRD GEF and Green Innovation products for the Slovak Republic), where possible leveraging ESIF for investments and advisory services. EBRD representatives moreover informed participants that the Bank's Environmental and Social Policy and Performance Requirements apply to all projects carried out in the Slovak Republic.

Private sector competitiveness

Civil society representatives claimed that innovation was lagging and needed more systematic support in the Slovak Republic. In particular, start-ups and MSMEs were pointed out as requiring additional support. According to civil society participants, there were several factors constraining the development of the MSME sector in the country, including the poor business climate, improper procurement procedures, and the shortage of business skills in some regions of the country. CSOs moreover expressed concern about private sector competitiveness in the Slovak Republic, mainly due to bureaucratic obstacles to doing business, corruption and inadequate infrastructure (in particular in the less developed regions of the country).

The EBRD will support the development of long-term and innovation financing through new or cutting-edge financial instruments such as selective equity (both through regional private equity or venture capital funds, and potentially through direct VCIP investments) and mezzanine instruments, including via access to capital markets. The Bank will also provide support to innovative financing structures for transport and municipal infrastructure, including infrastructure bonds and selective PPPs, where possible to address regional imbalances. The EBRD will furthermore be alert to opportunities to implement the core priorities of its country strategy in underserved regions or in a manner that boosts economic inclusion.

List of participating organisations to the consultation meetings in Bratislava on 25-26 July 2017

1. Open Society Foundation
2. Fair Play Alliance
3. Energy Centre Bratislava