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DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT

## **COUNTRY STRATEGY FOR SLOVAK REPUBLIC**

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

September 2023

PUBLIC

## 1. INTRODUCTION

The objective of this report is to summarise the key comments received from stakeholders during the consultation period on the Bank's Strategy for Slovak Republic and provide the Bank's management response.

In accordance with the EBRD Access to Information Policy (AIP), the draft strategy for Slovak Republic was posted on the EBRD website in for 45 calendar days, starting from 18 July 2023. The public was invited to comment on the draft strategy no later than 1 September 2023. The Slovak language version was published on 28 July. The previous strategy was also made available on the EBRD website at <https://www.ebrd.com/slovak-republic.html>

Information about the public consultation process was posted on the EBRD's dedicated "Have your say" webpage, which highlights the latest opportunities for the public to comment on the Bank's policies and strategies under review. 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.

During the consultation period, one set of written comments was received by the EBRD.

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 (in virtual format) on 1 June 2023.

The objective of the meeting was to gather civil society's feedback during the preparatory phase for developing the draft strategy. Five CSO representatives from four different civil society organisations participated in the consultation.

The EBRD was represented by the Regional Head for Central Europe, the Country Economics, Strategy and Policy and the Civil Society Engagement teams.

The summary of the key messages and the list of CSO participants in the consultation process are provided in the Annex 1 to this report.

## 2. SUMMARY OF PUBLIC COMMENTS AND STAFF RESPONSES

COMMENT	EBRD RESPONSE
<p>Civil society organisations (CSOs) welcomed the EBRD’s strategic priority to Accelerate Green Transition during 2023-2028 period and provided four general recommendations for the overall national and global context. The recommendations were to “immediately stop financing all fossil fuels, including natural gas and oil, and waste incineration; support energy efficiency and sustainable renewable energy sources (RES); objectively compare RES, mainly heat pumps, with hydrogen and adopt the concept of a hydrogen hierarchy, and shift support in travel from road to public transport, railway and cycling infrastructure”.</p>	<p>In accordance with Draft Energy Sector Strategy 2024-2028, the EBRD will limit financing to fossil-fuel projects that meet a strong ambition to accelerate the low carbon transition in specific country contexts and are aligned with the goals of the Paris Agreement. The approach goes beyond a condition that the project is simply compatible with the goals of the Paris Agreement, but also ensures that it actively contributes to them. Accordingly:</p> <ul style="list-style-type: none"> <li>• The Bank will not invest in thermal coal mining and coal-fired electricity generation.</li> <li>• The Bank will not invest in the upstream oil or gas sectors, where upstream means exploration, production, extraction or related services. Recognising the central importance of abating fugitive methane emissions as rapidly as possible, the Bank will continue to engage with its countries of operations to address this issue, including through the Global Gas Flaring Reduction Partnership and the Global Methane Pledge.</li> <li>• In exceptional cases, and subject to specific national circumstances, the Bank will consider targeted support to fossil-fuel investments in the mid and downstream oil and gas sectors. Such investments must not only be aligned with the goals of the Paris Agreement, but go beyond that requirement to demonstrate strong ambition to accelerate the low-carbon transition. These projects must demonstrate a low risk of carbon lock-in, use the Best Available Techniques, meet the highest environmental and social standards, and be subject to an assessment of physical and carbon transition risk.</li> </ul>

	<p>Moreover, the EBRD will promote zero-carbon fuels by:</p> <ul style="list-style-type: none"> <li>• Assisting countries and companies in developing hydrogen strategies and investments.</li> <li>• Supporting the production, distribution, storage and supply of renewable fuels of biological origin (biogas/bio-ammonia and/or bio-methane) and non-biological origin (green hydrogen and green ammonia).</li> <li>• Supporting investments in downstream operations (gasoline stations) that facilitate exclusively the introduction and scaling up of non-fossil-fuel transport (biofuels, e-fuels, EV chargers and/or green hydrogen filling technology).</li> </ul> <p>In the Slovak Republic specifically, the EBRD will contribute to decarbonisation of the economy by promoting green transport.</p>
<p>CSOs commented on Slovak Republic’s approach to climate change, stating that it still relies on fossil fuels, including from Russia. In this regard, they consider that the Bank should support energy efficiency measures, district heating and heat pumps, which allegedly have six times higher efficiency than hydrogen.</p>	<p>The EBRD is following its Energy Strategy and will consider the Paris alignment methodology and role in the overall decarbonisation strategy of any potential investment, including the role for energy security.</p> <p>The EBRD has aligned all its activities with the Paris Agreement: in the context of its GET Approach 2021-2025, the EBRD is fully dedicated to supporting the economies in which it invests to meet their goals and commitments under the Paris Agreement.</p> <p>From the end of 2022, all EBRD’s activities are aligned with the Paris Agreement. This commitment was approved by the Bank’s Board of Governors at its 2021 Annual Meeting and now a detailed implementation approach has been developed and shared publicly.</p>

	<p>In December 2022, the EBRD set out how it will determine whether an investment or technical cooperation project it might finance is aligned with the mitigation and adaptation goals of the Paris Agreement. The EBRD consulted widely through the course of 2021 and 2022, including through two public consultations – receiving feedback covering all aspects of the methodology.</p> <p><a href="https://www.ebrd.com/paris-agreement-methodology.pdf">EBRD activities and Paris alignment</a></p> <p><a href="https://www.ebrd.com/paris-agreement-methodology.pdf">https://www.ebrd.com/paris-agreement-methodology.pdf</a></p>
<p>CSOs moreover recommended to the EBRD to exclude specific types of activities under the Slovak Sustainable Energy Finance Facility (SlovSEFF) and the Municipal Sustainable Energy Financing Facility (MunSEFF), as they consider these activities as a “hidden investment” in fossil fuels.</p>	<p>The EBRD has completed both SlovSEFF and MunSEFF.</p> <p>The EBRD is fully dedicated to supporting the economies in which it invests to meet their goals and commitments under the Paris Agreement. All of the EBRD’s activities have been aligned with the Paris Agreement since the beginning of 2023. Should there be any new similar programme, it would be Paris aligned.</p>
<p>CSOs also suggested to the Bank to apply sustainability criteria and strong ‘Do no significant harm’ principles.</p>	<p>Projects that are potentially exposed to significant climate hazards will be subject to more detailed assessment and aligned with Paris alignment methodology.</p>
<p>Moreover, CSOs recommended to the EBRD to support renewable energy funded by zero or low-interest-rate loans for companies and grant support for municipalities and social organisations.</p>	<p>The EBRD is a demand-driven and private sector focused development bank and provides mainly loans and only in limited circumstances technical assistance (through grants).</p> <p>The EBRD is one of the main partners of the InvestEU Programme and offers various products to its clients in the infrastructure, corporate and financial sectors with an InvestEU guarantee for eligible projects.</p>
<p>Lastly, CSOs consider that the Slovak Republic has a problem with air pollution and rising greenhouse gas emissions, urging the EBRD to consider the future of the next</p>	<p>The EBRD will work with clients to identify pollution impacts and ensure compliance with national and applicable EU standards and the Bank’s Environmental and Social</p>

<p>generations and solutions to the climate crisis in the context of the new country strategy.</p>	<p>Policy (ESP) and its performance requirements (PRs). It will support the development and implementation of projects with Green Economy Transition elements that lead to less energy intensity, less water usage and a reduction in greenhouse gas and air-polluting emissions to help address public health. The EU Taxonomy will be used in this process where appropriate.</p>
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## ANNEX 1

### **Consultation with Civil Society Organisations on the EBRD country strategy for Slovak Republic**

**Thursday, 1 June 2023**

#### **Key Messages from Civil Society to the EBRD**

1. Civil society representatives endorsed the Bank's Slovak Republic strategy priority to accelerate green transition and support a more resilient economy. In particular, CSOs consider that the EBRD should completely shift from fossil fuel to renewables. CSOs suggested that geothermal energy and clean hydropower also have a huge potential in the country, and these could potentially be areas for the Bank to expand its operations.
2. Civil society organisations welcomed the Bank's objective to improve energy and resource efficiency. CSOs suggested that Positive Energy District planning could be further expanded and supported by the Bank in order to develop new integrated strategies to address the urban energy system transformation towards low carbon cities.
3. Civil society organisations highlighted the importance of further integrating Ukrainian refugees, women, and other vulnerable groups into the economy. CSOs underlined the need for long-term policy support in the municipal level to support these groups, as well as supporting quality education and the healthcare system. CSOs noted that especially Ukrainian refugees need opportunities and support to enable further their integration into the economy and society.

#### **List of CSOs participating in the consultation meeting**

1. Energy Center Bratislava
2. Friends of the Earth - CEE Bankwatch Network
3. Mareena Association.
4. Passive Houses Institute Slovakia.