

EBRD is aligned with WB in the project of monitoring the reform in the power utility EPS. EBRD earlier announced 200MEUR loan for financing the EPS financial restructuring process.

EBRD investment will be conditioned upon an agreed plan for a comprehensive program of reforms of the Company and of the sector which will have a significant impact on the development, management and operational efficiency of the power infrastructure in Serbia writes the project fiche of EBRD.

According to the EBRD fiche the loan proceeds will be used to restructure and refinance expensive short to medium-term financial debt which EPS has entered into on an emergency basis with commercial banks in order to alleviate the deteriorating cash situation created by the unprecedented and catastrophic floods in Serbia in 2014. The Bank expects to lengthen the tenors and provide terms more consistent with EPS's operations.

Through the Project the Bank has engaged with the authorities and coordinating with the World Bank to develop a significant reform package including the effective restructuring of the Company. EPS will be corporatized into a Joint Stock Company. The Bank will also engage a consultant through a TC assignment to perform a general corporate governance review and make recommendation to improve policies in particular for compensation, recruitment, nominations, planning and procurement. The adoption and implementation of a corporate governance and restructuring plan is a covenant of the loan agreement.

The Project supports the Bank's policy dialogue efforts for reform in the sector especially with regards to tariff policy as well as supporting opportunities for the country to develop regional and internal market principles.

As this project is a corporate restructuring without a specified investment plan, environmental and social due diligence is focusing on identifying opportunities to improve environmental, safety, social, and labour governance and capacity, and on helping EPS to develop a more strategic approach to managing these issues. EPS is faced with a number of on-going environmental and social challenges resulting from a legacy of under-investment, outdated plant and inadequate resources. Implementation of EBRD's E&S requirement has in the past been mixed, but has improved steadily in recent years, in part driven by the Bank's investments, TCs and monitoring work. At the Bank's request, in 2012 EPS commissioned independent EHS audits of each of its subsidiary companies and developed action plans. These audits are currently being repeated to assess progress. Additional work will be required help define the E&S management systems and capacity for the re-structured company. EBRD is also proposing to help EPS to develop an environmental and social corporate strategy to identify and address priority issues and move the company towards good international practice concludes EBRD report.

German ERM is engaged to carry out the Corporate Environmental & Social Due Diligence and develop an Assessment Report, Environmental and Social Action Plan ("ESAP"),



Serbia: EBRD 200MEUR loan for refinancing power utility EPS  
expensive loans conditioned with corporate reform package agreed  
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Stakeholder Engagement Plan ("SEP") and Non-Technical Summary ("NTS"). , transmits  
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