

Serbia: International influence in reform of public utility company EPS, bankers and consultancies

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Restructuring of state owned power utility company EPS (Elektroprivreda Srbije) started with downsizing of management positions in head office of EPS. Reorganization and restructuring are supported or better say pressured from EBRD who will provide the loan for the process but also from IMF and WB which are the key stakeholders in overall Serbian public companies reform.

First cuts in "Electric Power Industry of Serbia" hit the deputy chairs in the firm. Among the 43 directors who were dismissed in recent days in EPS, most of the assistant director of a sector or officials who were in charge - just yourself! These workers have not been fired in EPS, but just ran out of "vocation" and about 30 percent cut in salary.

So director assistant of sector of procurements, finance, renewable energy or information and communication technologies lost their vicarious function.

- Assistant Directors were artificial creations in EPS because when these people were removed from the office of their job description is not seriously changed, but so the salary it is - say in one of the Directorate of "Electric Power Industry of Serbia". - They will receive up to 30 percent lower earnings, which will start to bring savings.

How did it happen that the number of directors be doubled in relation to the objective needs of EPS, the question is probably for political couloirs that are largely framed in this public company.

- Increasing the number of directors' chairs in EPS is something that has been done for decades - says energy professor Nikola Rajakovic. - This is an internal company problem, not just external. It happened that they brought a new director, and invented position for old one or put him to his deputy director. Also, the new Government was carrying new set with it. The new ones were

hiring, and no one was laid off. Profession is that suffered most in favor of the policy. I hope it will get in the way.

These are only the first shift of announced 300 of 600 executive positions in our largest public company. Together with armchairs, all directorates were abolished, and the number of sectors was reduced from 65 to 35th.

When subsidiaries are "wristbands" from the current 14 to three, EPS could make a living saving of 100,000 EUR or even 36 MEUR annually.

- The first phase of reorganization program predicts that all companies for the coal and

electricity production are integrated in EPS by July 1st - say in "Electric Power Industry of Serbia". The EPS reorganization program provides that EPS becomes a joint-stock company until mid-2016th.

Serbia largest public company with even 38,000 employees will take a loan from the European Bank for Reconstruction and Development of 200 MEUR for the financial system recovery. The procedure for granting loans will be completed before the end of the first half of 2015th.

EBRD will, among other things, borrow money to EPS to change the organization in the company and introduce corporate governance. Contracted consiltancies for the process of reform are Boston Consulting Group and Wallenberg Slovakia.