

Improving professional management in local public enterprises

Final Report – Summary

Transparency Serbia

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Ambasada
Savezne Republike Nemačke
Beograd

About the project and methodology

About the project

The project "Enhancing Professional Management in Local Public Enterprises" was implemented by Transparency Serbia with support from the Embassy of the Federal Republic of Germany in Belgrade.

The project aims to reduce direct political influence on the management of local utility companies and other municipal public enterprises while enhancing professionalism and legal compliance. As media attention has primarily focused on state-level companies, Transparency Serbia sought to highlight the numerous cases of legal violations at the local level related to the Public Enterprises Law. Additionally, the initiative provides support to local authorities to improve adherence to regulations and increase transparency in this sector.

The project envisaged monitoring compliance with the Law on Public Enterprises at the local level, regarding the conditions for the selection of directors and members of the supervisory boards of local public enterprises/utilities - publication of public invitations or appointment of acting directors, required professional training, skills, experience, etc. In addition to researching the situation in relation to the current management, the appointment of new management in the companies included in the sample was also monitored.

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All companies and local self-governments included in the sample were provided with analyses of the situation in which shortcomings were pointed out, and support and assistance for improving the situation were offered. In this regard, TS, within the project, also developed model acts that should regulate the procedures related to the selection of management, especially in areas where there are loopholes in the law (such as determining the fulfillment of legal requirements for acting directors and members of supervisory boards) and that can contribute to greater transparency in the work of public enterprises. These acts are available not only to local government units included in the sample, but also to all other municipalities, cities and urban municipalities, directly or through the Permanent Conference of Cities and Municipalities.

Within the framework of the project, the situation regarding the adoption of by-laws provided for by the Law from 2016 was determined, which was pointed out to the Ministry of Economy. Proposals for changes to the regulations were also submitted to the Ministry in order to eliminate loopholes in the law related to the selection of management and to improve transparency.

Methodology

Transparency Serbia, for the purposes of conducting this research, collected data from the websites of local self-government units and public enterprises, from requests for access

to information of public importance to public enterprises and local self-government units, from the Official Gazette of the Republic of Serbia, from the databases of the Agency for Business Registers, from the media, from the Internet, and from press clippings. Data from other research related to public enterprises and local self-government conducted by TS in previous years were also used.

The project envisaged the formation of a sample of 50 companies from 20 municipalities and cities. TS formed a larger, more representative sample of 60 PEs and PUCs from 25 cities and municipalities (12 cities and 13 municipalities). Subsequently, the 61st company was added to the sample. Depending on the size of the LGU and the number of PE/PUCs whose founder is in the sample, between one and seven PE/PUCs (*JP/JKP in Serbian*) per individual municipality or city.

The sample includes the following units of local self-government, i.e. PE/PUC:

Belgrade (Gradsko saobraćajno preduzeće, Beogradski vodovod i kanalizacija, Beogradske elektrane, Gradsko stambeno, JKP Zelenilo, Beograd put, Gradska čistoća),
Sombor (JKP Zelenilo, JKP Čistoća, JKP Parking servis),
Kikinda (JP Kikinda, JP Toplana, JP Autoprevoz),
Novi Sad (JKP Vodovod i kanalizacija, Javno gradsko saobraćajno preduzeće, JP Sportski i poslovni centar Vojvodina, JKP Čistoća, JKP Novosadska toplana),
Kragujevac (Vodovod i kanalizacija, JKP Šumadija, JP Urbanizam),
Užice (JKP Vodovod, JKP Gradska toplana, JKP Niskogradnja),
Niš (Mediana, JKP za vodovod i kanalizaciju Naissus, JKP Gradska toplana, JKP Parking servis),
Novi Pazar (JKP Gradska toplana, JKP Gradska čistoća, JKP Parking servis),
Prokuplje (JKP Gradski vodovod, JP za urbanizam i uređenje grada),
Leskovac (JKP Vodovod, JKP Toplana, JKP Komunalac),
Vranje (JP Vodovod, JKP Parking servis, JKP Komrad),
Bor ((JKP Toplana, JKP Vodovod),
Kanjiža (JP Komunalac, Potiski vodovod - Tisza menti vizmuvek doo, Horgoš),
Bečej (JP Toplana, JP Komunalac),
Kovačica (JP Naš stan, JP PRC Relaks),
Veliko Gradište (JKP Dunav),
Gornji Milanovac (JKP Gornji Milanovac, JP za izgradnju opštine Gornji Milanovac),
Kladovo (JP Komunalac, JP Jedinstvo),
Negotin (JP za komunalne delatnosti Badnjevo),
Raska (JKP Raška, JKP Putevi),
Tutin (JKP Ribariće, JKSP Gradac),
Žitorađa (JKP Žitorađa),
Bruce (JKP Rasina),
Blace (JKP Blace) and
Surdulica (JP Vodovod).

Adoption of by-laws

The transitional provisions of the Law on Public Enterprises from 2016 prescribe deadlines from 60 days to six months for the adoption of six by-laws and for prescribing forms. From the point of view of this research, the following by-laws are important:

- Program for **additional professional training** of presidents and members of supervisory boards in the field of corporate governance. (Article 18, paragraph 3. of the Law, six months from the entry into force of the Law - until September 4, 2016.)

In this research, it **was not possible to find confirmation that the act was adopted**. As in the survey conducted by TS in 2021, the Ministry of Economy did not respond to the letter regarding this act, that is, to the reminder that almost a decade has passed since the deadline for its adoption. There were no answers even two years earlier, when the PETRA 2019 survey was conducted. The only response was received in 2017, 10 months after the deadline for adoption. At that time, the Ministry of Economy informed TS that "the introduction of corporate governance in public companies is a very complex process" and that "the preparation of the draft study of corporate governance, which will be the result of measuring the level of corporate governance in 25 public enterprises and capital companies that perform activities of general interest, which the Ministry of Economy is implementing in cooperation with the International Financial Corporation as part of the project of introducing corporate governance in public companies" is underway. That study was supposed to be the basis for the development of guidelines for further improvement and strengthening of corporate governance in public enterprises. Within the scope of this research, TS sent a request to the Ministry of Economy to submit the aforementioned act, i.e. information on whether it was adopted, and the Ministry, as already mentioned, **did not respond to the request**.¹

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- a by-law that determines the **conditions and criteria for determining and the amount of incentives** for the director and executive director of a PE (Article 29, paragraph 2 of the Law, six months from the entry into force of the Law – until September 4, 2016.)

As in the case of the Program for additional professional training, **it was not possible to find confirmation that the act was adopted**.

¹ Two months after the expiration of the response deadline, before submitting the complaint to the Commissioner, TS sent a letter to the person in charge of processing requests for free access to information, with a request to inform us whether the request was received at all. TS received a reply that the request was received, that a response was prepared in accordance with the statement of the competent sector, and that it was submitted for signature in a timely manner (eight days after receipt). The answer did not come back from the signature even after two months, so there was no way to forward it to us.

Incentive for successful management should motivate professionals to apply for competitions, while the training of members of the supervisory board in the field of corporate governance is significant from the point of view of supervision and control of the work of the PE, i.e. its management. Acts that should regulate these areas were not adopted even eight years after the adoption of the Law, which testifies to its implementation and the **unwillingness to professionalize the management of PEs**. After the passage of eight years, we cannot talk about time frames or the "complexity of the process."

After all, the Ministry of Economy was in charge of drafting the Law on Public Enterprises in 2016, and it prescribed deadlines for drafting by-laws, so it is unclear how at the time of drafting the Law it could not be concluded that the introduction of corporate governance is a complex job that cannot be completed in 90 days, six months, or eight years. With the adoption of the Law on the Management of Business Companies Owned by the Republic of Serbia, the basis for the corporatization of management in companies at that level may have been created, but this area remained unregulated for hundreds of local PEs.

As far as stimulation for management in a situation when a public company is operating positively is concerned, the situation is even worse because it is practically **12 years late**. Namely, that act was not adopted even during the implementation of the previous Law on Public Enterprises (from 2012), although its adoption was foreseen even then.

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- A by-law that will determine the remuneration, that is, the conditions and criteria for determining the remuneration of the president and members of the supervisory board for work in the supervisory board. (Article 23, paragraph 2 of the Law, deadline 90 days from the entry into force of the Law – until June 4, 2016)

This by-law was adopted six months late, on December 15, 2016. That decision of the Government stipulates that the net remuneration of the members of the supervisory boards of PE cannot be higher than the average net salary in September of the year preceding the year for which the amount of the remuneration is determined. The president's compensation can be increased by 20%. Within this limit, compensation is determined based on the fulfillment of the tasks and duties of the supervisory board and the financial condition of the public company.

- a by-law that will prescribe **the criteria for determining the results of candidates** in the procedure for the selection of directors of PEs (Article 40, paragraph 4, of the Law, deadline 90 days from the entry into force of the Law - until June 4, 2016).

This by-law was adopted by the Government of Serbia on July 27, 2016.

Key findings

The analysis, that is, the report, is the result of research within the project "Improving professional management in local public enterprises". As part of the research, the Public Enterprises Transparency Index (**PETRA 2025** - Public Enterprises Transparency Index 2025) was determined, the state of fulfillment of legal obligations related to the expertise of the management of public enterprises, the election or appointment of directors, the publication of data and documents prescribed by law was analyzed. TS found gaps in practice, but also in the legal framework. Initiatives were sent to the Ministry of Economy to eliminate the observed omissions (proposals for amendments and clarification of relevant provisions of the law and the initiation of procedures that should result in better fulfillment of legal obligations), omissions were pointed out to the founders of local PEs and models of acts were offered that should improve appointment procedures and increase transparency, and local public enterprises themselves were pointed out to omissions that they can correct themselves.

Selection and appointment of directors and supervisory board members and their expertise

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Transparency Serbia followed the selection and appointment procedures of directors and supervisory board members. Given that in previous cycles of similar research, TS already dealt with the expertise of supervisory board members and directors of national-level companies, now the focus was on local PEs. Sixty-one local PEs and 25 cities and municipalities, their founders (assembly of cities and municipalities), were asked to submit data based on which it was established that the directors and members of the supervisory board meet the legal requirements regarding expertise and experience. The data on the websites of PEs, that is, the available work biographies of directors and members of supervisory boards, were also analyzed. The data on the selection of directors in public competitions and the minutes (in cases where they were available, i.e. obtained on request) of the commission for the implementation of the competition for the selection of directors of the public sector were analyzed and obtained.

TS requested documents from the companies and their founders in their requests that, in the process of selection or nomination and appointment, it was established that the then candidate, and now the director, or the acting director, if the director was not elected, and then the candidates, and now the members of the supervisory board, meet the following requirements prescribed by law:

“For the director:

- To have acquired higher education at basic studies lasting at least four years, i.e. at basic academic studies in the scope of at least 240 ESPB points, master's academic

studies, master's vocational studies, specialist academic studies or specialist vocational studies;

- To have at least five years of work experience in jobs that require higher education from the previous point
- that he has at least three years of work experience in jobs related to the work of a public company;
- To know the field of corporate management;
- To have work experience in organizing work and managing affairs;
- that he is not a member of the body of a political party, that is, that he has been suspended from performing his duties in the body of a political party;

For members of the supervisory board:

- to have acquired higher education at basic studies lasting at least four years, i.e. at basic academic studies in the scope of at least 240 ESPB points, master's academic studies, master's vocational studies, specialist academic studies or specialist vocational studies;
- To have at least five years of work experience in jobs that require higher education from the previous point
- that he has at least three years of work experience in jobs related to the work of a public company;
- to know the field of corporate management or the field of finance;"

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Also, they were asked to provide **information on which working body, organ or service determined that the candidates for members of supervisory boards, i.e. for acting directors, meet the requirements**, and information on whether there is (and the name of the act, if any) an act that prescribes which working body, organ or service has the duty, obligation or right to determine, in the selection or appointment process, that a candidate for member of the supervisory board, i.e. for acting director, PE or PUC meets the requirements prescribed by law.

At the same time, the situation on the websites of PEs and PUCs was determined - whether there are biographies of directors and members of the supervisory board and whether the data is such that it can be concluded whether these persons meet the requirements of the law (whether there is information about the date, i.e. the year of obtaining the appropriate degree of education, data about the years spent in certain jobs/functions with a job description, based on which it can be concluded that they have at least five years of work experience in jobs for which higher education is required and at least three years of work experience in jobs related to the jobs of a public company.

Total PEs and PUCs	There is no information about the director and/or members of the supervisory board	(out of those - no website at all)	There is information about the director and/or members of the supervisory board, but no biographies	There are biographies but incomplete or not all biographies exist	There are biographies for everyone - the director and members of the supervisory board
61	11	(4)	7	19	24

Of the 61 companies in the sample, four do not have websites at all, although since 2012 it has been a legal obligation for public enterprises to publish certain information on "their website" (Law on Public Enterprises Sg 119/2012, Article 62 and Law on Public Enterprises Sg 15/2016, Article 71).

Seven companies have a website, but the names of directors and members of the Supervisory board cannot be found on it, and another seven have only names, but no work biographies. On 19 websites, there are either only individual biographies or the biographies are incomplete and cannot be called professional biographies, from which it could be concluded whether the director and/or member of the supervisory board meets the legal requirements (most often there is a lack of information on when the university was completed or the years during which certain jobs or functions were performed).

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Based on data from the websites and data obtained from the responses of public companies and their founders to requests for access to information of public importance, TS determined whether, based on the available information and documents, it can be **confirmed** that the director and/or some or all members of the supervisory board meet the requirements.

The following table shows which cases it was possible to confirm. The last column summarizes the cases when it was not possible to confirm whether the conditions were met (no data was submitted) and those cases when the submitted data confirm that the director and/or members of the supervisory board do not meet the legally prescribed requirements for appointment to those positions. Data were analyzed for all members of the supervisory board, but the table presents data related to directors, acting directors and two members of the supervisory board who are appointed at the proposal of the founder. The third member, who is appointed at the suggestion of the employees, as a rule, meets the legal requirements. **Out of 61 companies, in 18 the director and all members of the supervisory board do not meet the requirements prescribed by law, or due to the unavailability of data, it is not possible to determine whether they meet the requirements.**

For only five, it could be confirmed that the director and all members of the supervisory board meet the legal requirements. But none of these five cases is completely "clean". Namely, in two cases at least someone from the management structure gained the experience required by law with a previous term in the same position, to which he was originally appointed outside the law. In three cases, the TS accepted the explanation of the founder or body that established the fulfillment of the conditions that experience in another PE or PUC, which does not work in the same field as the observed PE/PUC, can be recognized as experience in the field of work. We are talking about cases where the area of work was close.

Total PEs and PUCs	Everyone meets the requirements	The director and some members of the supervisory board meet the requirements	Only the director meet the requirements	All members of the supervisory board meet the requirements, but not the director	Certain members of the supervisory board meet the requirements, but not the director	It cannot be confirmed that anyone meets the requirements
61	5	14	11	5	8	18

Such a situation, of "conditional fulfillment of requirements," that is, fulfillment of requirements based on a previous illegal appointment, was noted in a total of eight cases.

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As for the willingness of LGUs to provide the requested data, six out of 25 founders (24%) did not respond to the request. These are the following local governments: Belgrade, Užice, Novi Pazar (the answer was delayed for 40 days; in the end, it did not arrive), Kladovo, Tutin, and Žitorađa. These data are shown in the following table.

Responses to data requests:	Request sent	Did not respond to the request.	Replied that data is not available.	Submitted some data	Submitted all data
Municipalities and cities, founders of PEs and PUCs	25	6	0	8	9

It was noticed that in quite a few responses, LGUs ignored part of the request and sent only information about the director, but not the supervisory board, or only information about the body that determines the fulfillment of the conditions and the act regulating it, and none of the requested documents. On several occasions, the request was answered without practically any useful information being given. All this is presented in detail in the chapter "Findings by companies and local self-government units."

Acting status in local public enterprises

Based on data from LGU websites, responses received from LGUs and PEs, as well as data from the Official Gazette, TS has determined that at the time of the conclusion of this report (May 2025), 22 out of 61 companies were headed by a director selected through a competition.

Although this is still a relatively small percentage (36%), the picture is further spoiled by the fact that in 19 out of 22 cases, the elected directors were the only applicants. The commissions, however, had an easy task in two more cases—in one case there were three candidates, in the other two—but before the election procedure, the candidates withdrew their candidacies and left the commission to conduct the procedure and rank a single candidate. In the remaining, 22nd case, it was not possible to obtain data and it was not determined whether there were more candidates.

It was also observed that in most cases the candidates in the competition were previously at the head of the company, as elected directors or in an acting position.

Total companies	Director selected through a competition	Acting director for less than 12 months in that position	Acting director whose term has expired	Unknown status
61	22	15	20	4

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Out of 35 acting officials, 12 of them had been in that position for less than 12 months at the time of analyzing the data, while 20 of them were undoubtedly in office illegally because they spent more than 12 months in the acting position, which is the maximum duration prescribed by law. And for the 15 acting directors who were appointed less than 12 months ago compared to the moment when the analysis was carried out, it cannot be concluded with certainty that they are legally in office. TS, namely, considers that the law is clear and allows that the total uninterrupted duration of the acting position can be 12 months and that it is not legal to appoint another acting director after or before the expiration of 12 months. Article 52 of the law prescribes that "an acting director may be appointed until the director of a public company is appointed following a public competition" and that **"the period of performance of the function of an acting director may not exceed one year."** Local self-governments, as well as the republican government, however, flexibly interpret the third paragraph, which forbids the same person to be appointed twice as acting director (The same person cannot be appointed twice as acting director), interpreting that another person can be appointed after one person. This is in complete contradiction to the spirit of the law, which, as proclaimed, strives for professionalization and the selection of directors through competition. TS previously called and now has submitted an initiative to the Ministry of Economy to remove this possibility of "fluid interpretation" from the text of the law. The initiative is presented in the chapter "Initiatives for improving compliance with the Law on Public Enterprises."

Level of transparency

A comprehensive survey of the state of transparency was carried out according to the PETRA methodology and is presented in the annex of this report. Therefore, here is a review of several observed information and documents.

Publishing the biographies of directors and members of the supervisory board, as well as the business program and quarterly reports on the implementation of the business program represents a basic level of transparency.

The situation is not satisfactory even when looking at that basic level.

Of the 61 observed PEs, 43 have a director's biography on the website. Eight of them published it after TS sent a letter and pointed out which data were not found on the site. Out of 43, in 36 cases it can be concluded that these are professional resumes, or more precisely, resumes that contain information necessary to determine the director's expertise. Of the 18 who do not have a biography, 10 do not even have the name of the director (among them there are also four PEs that do not have a website).

The situation in relation to the supervisory board is similar - the work biographies of all three members of the supervisory board have 44 PEs - eight of them after the letter sent by TS. And in this case, several biographies do not contain the necessary data and cannot be called professional, nor can they provide the information for which their publication is prescribed.

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Quarterly reports on the implementation of the annual work program are published by 70% of the companies in the sample (and in this case, several of them only after the letter), and the annual work program by 76%.

When analyzing the publication of additional information, that which is not prescribed by law, the situation is extremely bad. No company publishes contracts for legal services or contracts for advertising and media services. Several of them who have positive ratings in the PETRA survey can thank the fact that they did not even sign such contracts in the previous two years. The minutes of the meetings of the supervisory board can be found on the websites of five of the 61 PEs.

This state of affairs was easy to predict, considering that TS's long-term experience in analyzing transparency confirms that most often only what is required by law is published, and often only if there is a threat of punishment in case of non-publication. This is evidenced by several replies of the Public Prosecutor's Office to the letter, where for the requested indicators, i.e. information or documents that were not found on the website, they stated that the website "publishes all the documents that are mandatory under Article 71. of the Law on Public Enterprises, and therefore among them are not the minutes from the sessions of the Public Administration, data on monetary claims, nor the act that regulates the policy of collection of claims" (such act was found on the website of two public companies).

Specific cases

In the responses received from public companies and their founders, TS noticed several specifics, which are worth emphasizing and presenting.

- **Alajbeg's paradox**

One such peculiarity has been defined by TS as the "Alajbeg's² Paradox": consistent and long-term violations of certain provisions of the Law on Public Enterprises eventually result in compliance with those very provisions.

Namely, when a person is appointed to the position of director or member of the supervisory board who does not meet the requirement of three years of work experience in positions related to those of the public enterprise, or has only one year of experience in positions requiring higher education, with each subsequent appointment, they will meet the legal requirements.

In this, as in previous research, TS has observed numerous cases where members of supervisory boards or directors gained their experience precisely through previous unlawful appointments. Thus, in this research, it could only be stated that they now meet the requirements.

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- **Confidential meetings**

The Public Utility Company (PUC) Zelenilo Sombor replied that the requested documents (minutes of the supervisory board meetings, service price lists, data on monetary claims including debts of the largest debtors, and the act regulating the policy of debt collection - rescheduling, interest write-offs, debts, etc.) could not be found on their website **"because they constitute business secrets**, as per the internal regulations of PUC Zelenilo Sombor, except for the service price list which is not a business secret and will be published once the website issues are resolved." Five months after this response, the price list was still not available on the PUC website.

- **Be still, my membership**

For the director of PUC Šumadija Kragujevac, among the documents submitted to TS — besides the diploma and proof of work experience—there was also a “decision of the Executive Board of the Serbian Progressive Party (SNS)” confirming that the individual’s party membership was “frozen.” The SNS statute, however, does not provide for such a “frozen membership” status, and the article referenced by the President of the Executive

² The President of Serbia once stated that he does not allow directors selected through public competitions to be appointed instead of acting directors, because acting directors are easier to control, while elected directors—with a higher degree of independence—might treat the property of public enterprises as if it were "Alajbeg's straw."

Board (Article 63, paragraph 1, point 15) refers only to the Board's authority to "perform other tasks in accordance with the Statute and the Party's general acts."

- **Membership as an experience**

The president of the Supervisory Board of Kragujevac Vodovod has a detailed biography on the website of the PUC listing experience in a law office, the EPS Renewable Energy Company, as general director of a tourism and hospitality firm, director of the Parking Service, and director of PUC Šumadija (responsible for cleanliness maintenance). Among the listed experiences is also: "2013–2016: Serbian Progressive Party Belgrade, member of the Executive and Main Boards of the party. Legal, administrative, and technical-organizational duties."

- **An authentic interpretation of a legal loophole**

As previously noted, one of the contentious issues regarding eligibility is what counts as three years of experience in the field of public enterprise operations. PUC Mediana from Niš provided its own interpretation. It issued a certificate for a candidate for president of the Supervisory Board of the Waterworks and Sewerage Company Naissus, stating that he had served as the executive director at Mediana (which operates in the sanitation sector) since April 2017 and had thus "gained the required experience related to public enterprise operations in the City of Niš." According to this interpretation, the legal provision about experience "in jobs related to public enterprise operations" can apply to any job in any public utility company (within the same city, in this case).

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- **No better candidate**

The acting director of the Toplana (District Heating Plant) in Bor was appointed despite the fact that local authorities were aware he did not meet the legal requirements. In the response from the City Assembly of Bor to TS, it was stated that the Assembly's Rulebook prescribes that the Personnel Committee gives an opinion on proposed candidates, but that this body does not determine eligibility. Appointment documents are prepared by the City Administration, and thus it is the one that determines if the conditions are met. In the correspondence provided to TS, it was noted that the proposer for the acting director position had been informed that the candidate did not meet the legal requirements, but the proposer insisted on their nomination, stating that no one had applied in the previous call for applications for the director position.

- **His own watchdog**

The director of the PUC Vodovod Leskovac sent a letter to the Department of Housing and Communal Affairs informing them of the end of the mandate of a Supervisory Board member representing employees. He enclosed the trade union's proposal to re-appoint the same individual, and then proposed the reappointment of the remaining members as

well. He noted that if all members are to be appointed, “it would be best to reappoint the same ones as in the previous mandate for the sake of continuity.”

One member still had two years left, and another had one year left in their term. In doing so, the director essentially proposed the composition of the body tasked with overseeing and controlling his work. The ruling party group in the local assembly accepted his suggestion and proposed to the Administrative Committee and City Assembly to dismiss and reappoint the same three members "due to expired mandates."

- **Beneficial membership in the Supervisory Board**

One member of the Supervisory Board of PUC Vodovod, who was dismissed just 12 months after their initial appointment “due to the expiration of their mandate” and then reappointed, submitted documentation during the second appointment process stating that they fulfilled the legal requirement of experience in public enterprise work. This was based on a confirmation from PUC Vodovod that the candidate had been elected to the Supervisory Board in September 2020 and that “they meet the required work experience criteria for positions related to public enterprises.” The confirmation was issued on 8 September 2021. This means it confirmed that, through one year of Supervisory Board membership, the person had gained sufficient experience to meet the legal requirement of **three years** of work in fields related to public enterprise operations (although the confirmation didn’t state what experience was actually required by law). No additional documentation was provided. The nominating authority accepted this interpretation—or knowingly violated the law.

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- **Self-criticism**

Most of the founders or the Public Enterprises (PE) themselves tried to cover up cases when someone from the management did not meet the requirements. Biographies were very scarce or not published at all, were omitted from the responses, or were accompanied by creative interpretations and conclusions that all the conditions were met. At PE Naš stan in Kovačica, however, this was not the case: the director himself stated in his response that neither he nor any of the Supervisory Board members met the legal requirements at the time of their appointment—and presented this fact in a table.

	Director
1. Holds higher education obtained from at least four-year undergraduate academic studies or equivalent 240 ECTS (or equivalent master's/specialist studies)	No (180 ECTS)
2. Has at least five years of work experience in positions that require higher education as stated in point 1	No

3. Has at least three years of work experience in positions related to public enterprise operations	Yes
4. Has knowledge in the field of corporate governance	Yes
5. Has work experience in organizing and managing affairs	Yes
6. Is not a member of a political party body, or has suspended such function	No

	Board President	Member	Member
1. Holds higher education obtained from at least four-year undergraduate academic studies or equivalent 240 ECTS (or equivalent master's/specialist studies)	Yes	No	No
2. Has at least five years of work experience in positions that require higher education as stated in point 1	No	No	Yes
3. Has at least three years of work experience in positions related to public enterprise operations	No	No	No
4. Has knowledge in the field of corporate governance and/or finance	Yes	No	No

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Findings by enterprises and Local Self-Government Units (selection of several LSGUs and PUCs)

PUC City Transport Company Belgrade (Gradsko saobraćajno preduzeće Beograd)

A review of the website revealed that the acting director was appointed in August 2022, which means that by the time of review, the legal limit for the duration of acting status had expired—making the performance of this function unlawful.

Information was found for only two members of the Supervisory Board, one of whom was elected from among the employees.

For the acting director and the two board members, CVs were available. However, no official appointment documents or documentation confirming their compliance with legal requirements were found. According to the CVs, the acting director meets the legal conditions, while the Supervisory Board president lacks relevant experience in public enterprise-related work.

The website publishes quarterly reports (the last four at the time of review), as well as annual business plans for the observed and previous year.

The act on systematization, the founding act and the statute were published.

The website does not contain minutes from the sessions of the Supervisory Board, but in the informant, in the section "Competences > Meetings" there is a list of all meetings, with the dates and decisions that have been made, which significantly eases the search for specific minutes or decisions through requests for access to information of public importance.

The price list of services can be found on the website in the segment "Other services". There is no information about financial receivables or the enterprise's debt collection policy.

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The rulebook on representation costs, the rulebook on the use of company cars, contracts for advertising, consulting services and marketing, as well as contracts for legal services have not been published.

Unlike the previous survey, in 2021, the company has now responded to a letter to verify the findings. In its response, it indicated where information can be found on the sessions of the Supervisory Board, on the prices of "other services", and at the same time stated that it has two requested rulebooks, which, however, are not publicly available.

In 2023 and 2024, contracts for media advertising were concluded with the media houses "Serbia Today" (2023), Alo media system, Novosti and Media Network Ltd. (2024). In both years, contracts for legal consulting and legal services were also concluded.

In response to the request, the company referred TS to its founder – the Assembly of the City of Belgrade for documents related to proving the expertise and qualifications of the director and members of the Supervisory Board.

PE City Housing Public Enterprise Belgrade (Gradsko stambeno Beograd)

The company's website contains CVs for the director and Supervisory Board members, but these do not meet basic standards due to missing information on the years academic qualifications were obtained.

From the available data, it can be concluded that the director, who was appointed through a public competition in September 2024, after serving as acting director for two years, did not meet the requirement of three years of work experience in jobs related to the affairs of a public company. No documents on the appointment or documentations confirming the director and board members fulfill legal requirements were found.

Quarterly reports for the observed period were published, as well as the work program for the observed and previous year.

The price list of services was published, but no systematization, founding act, company status, minutes of the Supervisory Board sessions, data on monetary receivables or the act defining the policy of debt collection were found.

The Public Procurement Plan for the current year, invitations and awarded contracts on the Public Procurement Service can be found via the link to the Public Procurement Portal (the page where the procurement of the observed Public Procurement is listed) which exists on the PE website, on the page "Public Procurement".

Neither the rulebook on representation costs, the rulebook on the use of company cars, contracts for advertising, consulting and marketing services, nor contracts for legal services were found.

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The company responded to the verification letter and confirmed that the requested documents were not published on the company's website. The response also states that the statute and the founding act are available on the website of the Business Registers Agency. In connection with the act that regulates the policy of debt collection, the company instructed TS to contact the PUC "Infostan Technologies," which performs rescheduling of receivables on behalf of the City Housing.

In the response, it was confirmed that the company has adopted regulations on the costs of representation and on the use of official cars.

In both 2023 and 2024, the company signed contracts for media services/advertising and legal services. The reply did not specify which law firm was engaged.

In response to the request for documentation proving the qualifications of the director and board members, the company stated that the employee-representative board member meets the requirements, and referred TS to the founder – the City Assembly of Belgrade – for all other documents.

PUC Municipal Sanitation Company Sombor (Čistoća Sombor)

The website includes biographies of the director and Supervisory Board members.

For the director, the graduation years from the Faculty of Economics in Banja Luka and the Orthodox Theological Faculty "St. Vasilije Ostroški" in Foča are not listed. However, it is stated that he received a PhD from the Faculty of Management and Business Economics, University of Travnik, in 2018, suggesting that he meets the higher education requirement set by the Law on Public Enterprises.

He has around twenty years of experience as a priest and religious teacher and seven years as a manager at PUC Voda d.o.o. in Petrovo. He is also a professor at a college in Konjic and served as an internal auditor at PUC Čistoća Sombor since 2020, which indicates he fulfills the legal requirements. He was appointed via a competition that had three candidates, though two withdrew before decisions on their applications were made.

New Supervisory Board members were appointed during the course of the research. The former board president, a certified physical education expert without public enterprise experience, was replaced by a certified occupational safety engineer. However, the latter's biography does not state where or when he earned his degree. He claims 28 years of work experience, 20 of which were at PUC Zelenilo Sombor, and notes high political involvement and participation in various conferences and seminars as a councillor and MP. Based on this information, compliance with the legal criteria cannot be confirmed.

The second member appointed on the founder's proposal is a certified economist whose biography does not show the minimum three years of experience in the sanitation sector. It only states that from 2013 to 2015, he was deputy chair of the Management Board at PUC Čistoća—although under the current law, only directors and Supervisory Boards exist in public enterprises.

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Still, this marks an improvement over the previous board member (until October 2024), a Serbian language teacher whose biography included: election as head of the school's youth committee during high school, membership in the Serbian Progressive Party since its founding (with membership number), and recognition for his work, neighborhood reputation, and city-wide esteem in Sombor.

No appointment acts or documentation proving whether the director and board members meet legal requirements were found on the website.

Quarterly reports for the observed period and business plans for the current and previous year are published.

The founding act, enterprise statute, and price list are also available. The job classification act, meeting minutes, financial receivables data, and debt collection policy document were not found.

A procurement plan is published, but no calls for procurement, links to the procurement portal, or contract award decisions are available.

There are no available rules on representation costs, use of official vehicles, advertising contracts, consulting/marketing services, or legal services. The company did not respond to the request for data verification.

Public Transport Company

As of January 2025, the company's website listed Mladen Papović as acting director, appointed in September 2024. Two months later, he was arrested on suspicion of being part of an organized criminal group involved in cocaine smuggling from South America.

Media later reported that at the City Assembly of Novi Sad's session on December 26, Milan Balać was expected to be appointed as acting director. Balać is the former director of the Sports and Business Center Vojvodina and had previously led the City Transport Enterprise Novi Sad from 2012 to 2014. According to the materials submitted to city councillors, Balać is an economist who worked for more than a decade at the Novi Sad Refinery in roles ranging from service department manager to director in several sectors.

He also served as Executive Director of the City Construction Directorate and, from 2016 to 2024, as director of the company "Održavanje i usluge" (Maintenance and Services), which emerged from the restructuring of "Elektrovojvodina." This company handles electrical and mechanical works as well as car repairs.

Based on this information, Balać appears to meet the legal requirements. However, the assembly session to appoint him was postponed several times and had not taken place by the time this report was completed.

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On the other hand, the current acting director does not appear to have any connection to passenger transport or road traffic. His sparse biography, which lacks details on when and where he obtained his degree in law, states only that he worked as a legal associate at PE "Urbanizam" Novi Sad and director of the company "Skyoptic d.o.o." in Novi Sad.

Biographies of Supervisory Board members are not published, though it is stated that two of them hold degrees in traffic engineering.

The website features quarterly reports for the observed period and business plans for the current and previous year. A price list is also available. However, the job classification act, founding act, company statute, board meeting minutes, financial receivables data, and debt collection policy are not published.

The procurement plan for the current year is available along with all associated documentation—calls for tenders and decisions on contract awards. There are no published rules on representation costs, use of official vehicles, advertising contracts, consulting/marketing services, or legal services.

The company did not respond to the verification request.

PUC Šumadija

The company website includes biographies of the acting director and Supervisory Board members but does not provide appointment decisions or documents confirming whether legal requirements are met.

The biographies do not specify when higher education degrees were obtained.

The acting director is a lawyer who has held various public sector roles: associate for international insurance at the Kragujevac branch of the RFZO (National Health Insurance Fund), senior associate in the Privatization Agency's contract enforcement sector, president of the Kragujevac City Assembly (2016–2024), marketing director and later legal affairs director at Energetika d.o.o. Kragujevac, member of the city's provisional governing body, MP in the National Assembly of Serbia, and advisor to the mayor of Kragujevac on international cooperation. No experience is listed in areas directly related to PUC operations (such as waste collection, sanitation, road maintenance, cemetery or parking management, market or green space administration).

The acting director is a lawyer who previously worked as an associate for foreign insurance matters at the RFZO branch for the Šumadija district, a professional associate in the Sector for Contract Execution Control at the Privatization Agency, president of the City Assembly of Kragujevac (2016–2020 and 2020–2024), director of the Marketing Directorate and later director of the Legal Affairs Directorate at the public enterprise Energetika LLC Kragujevac, a member of the temporary city administration of Kragujevac, and an MP in the National Assembly of Serbia. He also served as an advisor to the Mayor of Kragujevac in the field of international cooperation.

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There is no visible experience in the core activities of a public utility company (e.g. waste collection, street cleaning, road maintenance, cemetery management, public parking, market operations, or green space maintenance).

The biography on the website of the public utility company states that the director attended seminars such as "International Humanitarian Law Research," "American Criminal Justice Lectures," "Crime Prevention in South Africa," and "Methods of Combating Organized Crime." It also mentions his participation in the "World Alliance of Martial Arts" seminar led by Shihan Radovanović Borko (5th Dan), the seminar "Peacebuilding Across Generations in Historical Memory" organized by the State Duma of the Russian Federation, and the "Parliamentary Seminar" organized by the Ministry of Commerce of the People's Republic of China.

Among the special skills listed are a WAMA membership diploma as a certified life member of the World Alliance of Martial Arts, a black belt (Shodan) in Ju Jutsu, and recognition including the "Medal of the Fighter" from the Veterans Association of Serbia's National Liberation War, the "Captain Miša Anastasijević" award for contribution to local self-government development, and the "Prince Mihailo Obrenović" medal.

The Supervisory Board president reportedly completed studies at the Faculty of Political Sciences and holds a master's degree in legal sciences. However, no undergraduate diploma from the Faculty of Political Sciences was submitted—only a master's diploma from the Megatrend University's Faculty of Law, Public Administration, and Security from 2015. The defended thesis was titled: *"The Importance of Management in Providing Local Government Public Services: The Case of Kragujevac."*

From 1992 to 2004, his entire work experience was in the political sphere (MP in the Assembly of Serbia on two occasions from 1992 to 1997, President of the Executive Board of the Municipal Assembly of Vitina and Chairman of the Municipal Assembly of Vitina, Secretary for Local Self-Government of the Provisional Executive Council of Kosovo and Metohija, Acting President of the Provisional Executive Council of Kosovo and Metohija, Federal Member of the Citizens' Council of the Assembly of the Federal Republic of Yugoslavia, President of the Federal Commission for Petitions, Motions and Complaints, advisor in the parliamentary group of the Serbian Parliament, and since 2007 in the Privatization Agency (independent expert associate), and the Institute of Public Health (assistant director, then public relations officer).

It cannot be considered to meet the legal requirements.

The second member of the Supervisory Board elected at the proposal of the founder is a graduate mechanical engineer who was employed for 12 years in the City Administration of Kragujevac, of which four years as the Head of the City Administration for Communal and Inspection Affairs. Since 2020, he has been the director of the company Energetika doo Kragujevac. It meets the legal requirements.

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No appointment decisions or documents proving whether the director or board members meet legal conditions were found.

Quarterly reports for the observed period were published, as well as the work program for the observed and previous year. The founding act, the company's statute, systematization, and price list have also been published. Minutes of board meetings and financial receivables data are not available.

However, documents outlining the debt collection policy are published: [the Rulebook](#) on the collection of receivables, [the Rulebook](#) on debt rescheduling and [the Rulebook](#) on the collection of overdue receivables.

The rulebook on the costs of representation, the rulebook on the use of official cars were not found, but they were adopted (as stated in the response to the letter). No contracts for advertising, consulting and marketing services, nor contracts for legal services were found, but, as stated in the letter, they were concluded.

The procurement plan for the current year is published on the site, but no calls for procurement, links to the portal, or contract award decisions were found.

Unlike in the 2021 research, the company did respond to the verification request this time. It confirmed that board meeting minutes and financial receivables data are not published on the site.

Niš

The research observed four PUCs founded by the City of Niš: PUC Mediana, PUC Naissus (water and sewerage), PUC Gradska toplana and PUC Parking Service.

On the City of Niš website, selecting “Public Enterprises” from the drop-down “Institutions” menu opens a page listing the PE’s. Clicking on a PE’s name does not lead to a dedicated company page or website but instead opens the financial report from 2018. For some companies, auditor reports for 2018 are also uploaded. If a specific PE is selected via the drop-down menu, individual pages open with the director’s name, a link to the company site, and basic contact information. However, some data is outdated (e.g., website URL, director’s name). No other documents are available.

The City Assembly of Niš responded to the request to provide documents showing that, during the process of selecting, proposing, and appointing candidates for directors or acting directors, as well as candidates for members of supervisory boards, it was verified that they met the requirements prescribed by law. The request also sought information on which working body, authority, or service carried out this verification, and whether there is an official act (and its name, if applicable) that prescribes which body has the duty, obligation, or authority to determine, during the selection or appointment process, whether a candidate for a supervisory board member or acting director of a public enterprise or public utility company meets the legal requirements.

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The response stated that the data was provided “from the archive of the Niš City Assembly, generated through the work of the Committee for Appointments of the City Assembly of Niš,” which is the authorized nominating body for Supervisory Board members of municipal PUCs. Furthermore, according to the City of Niš Statute, the City Council is the authorized nominator for (acting) directors of PUCs.

No documents were provided for any director or acting director.

For the president of the Parking Service Supervisory Board, a diploma from the Faculty of Agriculture and confirmation of prior employment at Semenarni Niš as a sales associate and specialist in plant protection products sales were submitted. A copy of the enterprise’s statute with registered activity codes was also provided. No link between those activities and Parking Service operations was established. She is currently employed by the City Administration for Property and Sustainable Development, where from 2009 to 2016 she worked on village and rural development issues, and since 2017 has been in the Environmental Protection Secretariat. Since 2021, she has led the Department for Agricultural Production and Processing.

The second Supervisory Board member appointed by the founder submitted their resignation, as confirmed in the enterprise's response.

The president of the Supervisory Board of Mediana (responsible for sanitation and waste collection) submitted a diploma from the Faculty of Law in Priština, proof of having served from 2000 to 2004 as President of the Executive Board of Niška Banja Municipality, worked as a legal associate in a correctional facility, completed a seminar on corporate governance in public enterprises, and served as a Supervisory Board member at PUC Naissus. Additional experience includes being Secretary of the Secretariat for General Administration of the Niš City Administration from 1997 to 2000.

For the second member of the Supervisory Board of Mediana (appointed by the founder), documents included a diploma from the Faculty of Economics in Niš, confirmation of work experience at the company "Savremena administracija" in sales and financial intermediation roles, a certificate stating that he serves as president of the Supervisory Board of the City Housing Agency Niš, and that he was previously head of the bookstore center at the Textbook Publishing Institute. A certificate confirming completion of a seminar on corporate governance in public enterprises was also submitted.

The president of the Supervisory Board of PUC Naissus (Water and Sewerage) provided a diploma from the Faculty of Electronic Engineering in Niš and proof of employment at PUC Mediana since 2007, including more than five years in managerial roles. Additionally, a confirmation was submitted in which PUC Mediana interpreted the legal requirements under the Public Enterprises Law.

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In one of the certificates (dated January 2021), it is stated that since April 2017, the candidate has held the position of Executive Director and that "through the performance of assigned duties, he has acquired the necessary work experience in positions related to the affairs of public enterprises in the City of Niš." According to this interpretation, the legal requirement for experience "in positions related to the affairs of a public enterprise" is considered fulfilled by any position in any public enterprise (in this case, specifically within the same city). The candidate also submitted the same certificate as the two members of the Supervisory Board of PUC Mediana, confirming completion of a seminar on corporate governance in public enterprises.

The second Supervisory Board member appointed by the founder submitted a diploma from the Faculty of Economics in Niš and confirmation of employment at Parking Service since 2007. He also served as acting director of a gerontology center and as a board member of PUC Gorica Niš (a funeral services company). If the broad interpretation of "public enterprise-related experience" is not accepted, he does not meet the sector-specific experience requirement for work at PUC Naissus.

For the President of the Supervisory Board of the PUC Gradska toplana, who has been in this position since 2013 and was included in several researches conducted by TS, a diploma of the College of Technical Studies of Applied Studies in Niš (first degree, 180 ECTS credits), which he enrolled in 2008/2009 and completed on April 3, 2009, and a

diploma from the Higher School for Management in Transportation Niš, enrolled in 2012/2013, completed on July 5, 2013 (specialist vocational studies, second degree, 60 ECTS). These credentials indicate that the president earned higher education degrees amounting to 240 ECTS in just 14 months and 8 days (from October 1 to April 3, and again from October 1 to July 5). A confirmation was also submitted stating that he has been serving as Supervisory Board president since 2013, as well as a certificate of “active participation and successful completion of training on corporate governance in public enterprises,” identical to the one possessed by nearly all Supervisory Board members in Niš.

The second board member appointed by the founder submitted a diploma from the Faculty of Electronic Engineering in Niš, a confirmation of employment at a vocational high school as a computer science teacher, a confirmation from the City heating plant that she had served as a Supervisory Board member since 2017, giving her over four years of experience in public enterprise-related positions, and a certificate confirming she holds the title of certified accountant

She also submitted a certificate on corporate governance knowledge, though hers was issued by “L&A Consulting d.o.o. Belgrade” rather than the usual “Faculty for Law, Security, and Management ‘Konstantin Veliki’.”

Prokuplje

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The research included two public enterprises founded by the City of Prokuplje: PUC Gradski Vodovod (city waterworks) and PE for Urban Planning and City Development.

On the Prokuplje city website, there is a dedicated page for public enterprises, but it only includes incomplete or incorrect contact details. For example, one PUC lists an incorrect web address, and the other has no website listed—although the enterprise does have one.

The City Assembly of Prokuplje responded to the request to provide documents showing that, during the process of selecting, proposing, and appointing candidates for directors or acting directors, as well as candidates for members of supervisory boards, it was verified that they met the requirements prescribed by law. The request also included information on which working body, authority, or service carried out this verification, and whether there is an official act (and its name, if applicable) that defines which body has the duty, obligation, or right to determine, during the selection or appointment process, whether a candidate for a supervisory board member or acting director of a public enterprise or public utility company meets the legal requirements.

No actual documents were submitted. Instead, it was merely stated that during the proposal process for acting directors and board members, the following materials were used: diplomas confirming higher education, certificates of work experience in fields relevant to the enterprise’s operations and CVs of the proposed individuals.

The response states that the fulfillment of the conditions was determined by the Committee for Personnel and Administrative Readings, as a permanent working body of the Assembly, in accordance with the competence prescribed by the Rules of Procedure of the Assembly.

The Rules of Procedure are also listed as an act that prescribes which working body, body or service has the duty, obligation or right to determine, in the procedure of election or appointment, that a candidate for a member of the Supervisory Board, i.e. for an acting director, PE or PUC meets the conditions prescribed by law.

Vranje

The research observed three companies founded by the City of Vranje: PE Vodovod (waterworks), PUC Parking servis and PUC Komrad.

The City of Vranje website includes a dedicated public enterprises page, accessible via: Home > Local Government > Public Enterprises. That page contains links to individual public enterprise subpages with basic data (contacts and addresses), but without any information on management or relevant documentation.

The City Assembly of Vranje responded to the request to provide documents showing that, during the process of selecting, proposing, and appointing candidates for directors or acting directors, as well as candidates for members of supervisory boards, it was verified that they met the requirements prescribed by law. The request also sought information on which working body, authority, or service carried out this verification, and whether there is an official act (and its title, if applicable) that defines which body has the duty, obligation, or right to determine, during the selection or appointment process, whether a candidate for a supervisory board member or acting director of a public enterprise or public utility company meets the legal requirements.

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The City Public Relations Service provided a copy of the documents concerning the appointment of directors for PE Vodovod, PUC Komrad, and PUC Parking Service. However, for board members, they stated they had no CVs, but “based on the documentation, it is evident that the individuals possess higher education.” Also provided was a copy of the Decision on the formation of the Commission for Conducting Public Competitions for the Selection of Directors of Public and Public Utility Enterprises founded by the City of Vranje.

The response also stated that the act assigning authority to determine eligibility during selection and appointment is defined by Article 34 of the Law on Public Enterprises of Serbia (although this article does not regulate acting director or board member appointments), the Law on Local Self-Government Units, the Decision on Forming the Commission, and the Statute of the City of Vranje.

Further, it was stated that proposals for appointments fall under the competence of the permanent working body of the City Assembly – the Commission for Mandate, Immunity,

Administrative Affairs, Elections, and Appointments, which is governed by the Law on Local Self-Government, the City Statute, and the Assembly's Rules of Procedure.

In the provided materials, for the acting director of Vodovod, the decision on appointment from March 2024 states that the Commission for Mandate, Immunity, Administrative Affairs, Elections, and Appointments determined the candidate met all legal and statutory requirements. The only accompanying document was a CV, which did not show that the candidate met the conditions (i.e., no evidence of three years of work experience in roles related to public enterprises or in positions requiring higher education).

For Supervisory Board members of Vodovod, an appointment decision from 2021 and two amendment decisions were provided—one appointing a new employee representative and one appointing a new board president.

For the acting director of Parking Service, a March 2024 appointment decision was submitted. It also stated that the Commission had verified all legal and statutory conditions were met. The only supporting document was a CV stating the candidate graduated from a vocational college in Vranje (no graduation year provided), and later obtained a degree in economics (bachelor's level, 240 ECTS) from the College of Business Economics and Entrepreneurship. Since 2013, he has worked in Parking Service and previously in the directorate that handled such tasks before the company was founded in 2016.

For Vodovod board members, an appointment decision from 2021 and an amendment appointing a different founder's representative were submitted. Finally, in October 2024, another decision replaced both founding representatives.

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For the director of PUC Komrad, a June 2024 appointment decision confirmed he was the sole applicant in the public competition. His CV stated he graduated from the Faculty of Economics, has nearly 30 years of relevant professional experience, and nearly five years in public enterprise work (acting director since 2019, director since 2020).

For board members of Vodovod, an appointment decision from 2021 was also submitted.

PUC Toplana Bor

Initially, the website of PUC Toplana Bor did not include any information about management—no names of the director or Supervisory Board members, no biographies, no appointment documents, or documents confirming that legal requirements were met. After TS sent a verification request, names and biographies were published.

The acting director was appointed in May 2023. He holds the title of specialist professional traffic engineer from the Academy of Professional Studies Šumadija in Trstenik, but the biography does not specify when the degree was obtained. According to the biography submitted by the Bor City Assembly to TS, the candidate graduated from the Higher Technical School in Niš and is an electrical engineer. The rest of the biography matches the version published online.

There is no evidence in the biography of any experience related to the scope of work at PUC Toplana. The candidate previously served as a member of the Bor City Council from 2017 to 2023, worked as a sales representative at the Apatin and Niš breweries, life insurance advisor at Generali Insurance Serbia, market developer at Coca-Cola HBC Belgrade, and merchandiser at Fresh & Co Company Subotica.

Based on this information, the acting director does not meet at least two legal requirements (to have at least three years of work experience in jobs related to the affairs of a public company and to have work experience in organizing work and managing affairs). For several other conditions (e.g., five years of experience in positions requiring higher education, knowledge of corporate governance), compliance cannot be confirmed. This lack of eligibility was acknowledged in the letter from the City Assembly of Bor.

The Supervisory Board members, according to their biographies, meet the legal requirements regarding education and experience in the field of public enterprise operations.

Initially, only one of four quarterly reports for the observation period had been published. After TS's verification request, all were published. Business plans for the observed period are also available on the site.

The job classification act, founding act, company statute, and price list have also been published. Following TS's inquiry, minutes from several Supervisory Board meetings (sessions 1, 2, and 8, covering March–August 2024) and the Decision on Terms and Criteria for Concluding Debt Rescheduling Agreements were added.

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No data on financial receivables were found, nor were documents like the regulation on representation costs, rules for using official vehicles, advertising contracts, consulting and marketing agreements, or legal service contracts.

The procurement plan for the current year is published on the site, but no tender calls, links to the procurement portal, or contract award decisions are available.

The enterprise responded to the verification request. It pointed out which documents had been added to the website and stated that it possesses the requested internal regulations (though they are not public), and that contracts for legal services were signed. No advertising contracts were signed.

Bečej

The research included two public enterprises founded by the Municipality of Bečej: PUC Toplana and PUC Komunalac.

The municipality's website contains a dedicated page: Home > Municipality of Bečej > Public Enterprises. This page also serves as the website of the Commission for Director Selection, as it includes all relevant documents from the

appointment procedure, including minutes from commission sessions, appointment decisions, and basic data about the public enterprises (contact info, addresses, names of directors, and links to company websites). On these pages, visitors can find the Job Classification Rulebook, business plans, performance reports, and price lists. However, for the director of Toplana, the latest document published on the municipal website is from 2017—even though a new director was appointed in 2021 and an acting director in 2023. The site does include the 2023 appointment decision for the acting director.

For the director of Komunalac, the most recent appointment documents are also from 2017, and the latest acting director appointment is from September 2022. That decision shows that the previous director was appointed in June 2022 and resigned in July of the same year. However, the person listed as acting director in an October 2024 document is not the same individual.

The Bečej Municipal Assembly responded to TS's request for documentation used in determining that candidates for (acting) directors and board members met legal requirements, including the responsible body or legal act governing the process.

No documents were provided. Instead, the municipality only indicated in which issues of the Official Gazette the relevant appointment decisions could be found. It was also stated that the documentation submitted during appointments is shared electronically via a link active for seven days, and that "those documents are no longer held electronically and are only distributed in paper form to assembly members."

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The response added that the Standing Municipal Commission for Personnel, Administrative Affairs, and Labor Relations is responsible for verifying that acting director candidates meet legal requirements. The appointment of Supervisory Board members is governed by the Decision on Evaluation and Ranking Procedures for Supervisory Board Candidates in Public Enterprises Founded by the Municipality of Bečej.

In the explanation for the appointment of the acting director of PUC Komunalac, published in the Official Gazette, it is stated that the Commission for Personnel, Administrative Affairs, and Labor Relations reviewed several documents to determine whether the candidate met the legal requirements. According to the explanation, the Commission examined a diploma from the Faculty of Technical Sciences at the University of Novi Sad, dated 8 November 2009, confirming that the candidate had obtained the academic title of Master of Electrical and Computer Engineering.

Additionally, the Commission reviewed a certificate of employment from the company "SOJAPROTEIN" LLC in Bečej, dated 17 February 2023, which showed that the candidate had accumulated more than five years of professional experience since completing higher education. A second certificate from the same company, issued on the same date, confirmed that the candidate possessed knowledge of corporate governance and had experience in organizing and managing business operations. Furthermore, the candidate submitted a signed statement declaring that they are not a member of any political party.

However, the explanation does not mention whether the candidate fulfilled the legal requirement of having at least three years of experience in positions related to public enterprise operations. In addition, no documentation or information regarding the members of the Supervisory Board was submitted.

The explanatory memorandum for the appointment of the acting director of Toplana, published in the Official Gazette, includes a list of documents reviewed by the Commission for Personnel, Administrative Affairs and Labor Relations to determine whether the candidate met the legal requirements. Upon inspection of diploma no. 6302/23191 from the Faculty of Agriculture in Novi Sad, dated May 19, 2003, it was confirmed that Zoran Grbić graduated on May 8, 2003, with the academic title of Bachelor of Science in Agriculture.

Further, based on Certificate of Work Experience no. 630, issued on September 10, 2024, by the public company Vodokanal Bečej, the Commission determined that Zoran Grbić has accumulated more than five years of professional experience since completing higher education in 2003. The same certificate also confirmed that he possesses over three years of work experience in positions related to public enterprise operations, as well as knowledge of corporate governance and practical experience in work organization and management.

Zoran Grbić also submitted a signed statement declaring that he is not a member of any political party body. The Commission concluded that work experience gained in another public enterprise, even outside the specific sector of heating services, fulfills the legal requirement of at least three years of experience in areas related to public enterprise activities.

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No documentation or information about the Supervisory Board members was provided.

Kovačica

The analysis of the municipality of Kovačica covered two public enterprises: PE Naš stan and PE PRC Relaks.

On the official website of the municipality of Kovačica, there was no page dedicated to public companies or observed data related to PE.

The Municipal Assembly of Kovačica responded to the request to provide documents showing that, during the process of selecting, nominating, and appointing candidates for directors or acting directors, as well as candidates for members of supervisory boards, it was determined that they meet the legal requirements. The request also asked which working body, authority, or service verified that these candidates fulfilled the conditions, and whether there exists an official act (and its name, if applicable) that prescribes which entity has the duty, obligation, or right to determine, during the selection or appointment process, that a candidate for a supervisory board member or acting director of a public enterprise or public utility company meets the requirements set by law.

In the response, it was stated that the Commission for Personnel and Administrative Affairs, Labor Relations, Social Recognition, and Decorations of the Municipal Assembly is responsible for determining proposals for the appointment of directors and supervisory boards. Its competence is defined by the Rules of Procedure of the Municipal Assembly of Kovačica.

Among the documents submitted to Transparency Serbia were: a scanned page from the Official Gazette containing the decision on the appointment of the acting director of PE Naš stan dated 15 June 2016; the biography of the acting director, which is also published on the company's website; and a diploma from a vocational college for a 180 ECTS credit program. For the members of the Supervisory Board of PE Naš stan, only the 2015 appointment decision was provided.

Regarding the company PE Relaks, the following documents were submitted: an excerpt from the minutes of the Supervisory Board meeting held on 2 December 2016, in which a proposal was made to the Kovačica Municipal Assembly to extend the acting director's contract for one year; a proposal dated 13 December 2016 from the councilor group "Aleksandar Vučić – Serbia Wins," addressed to the Commission for Personnel and Administrative Affairs, Labor Relations, Social Recognition and Decorations, recommending the reappointment of the current acting director; and the acting director's biography.

According to the biography, he graduated in 2000 from the Faculty of Sciences (PMF) in Novi Sad as a tourismologist and has experience as a waiter, pizzeria owner, and manager (for seven years) of two restaurants under the Višnjica a.d. group. He also served as director of the company HAPPY ZAL (engaged in hospitality, tourism, trade, and services) since 2005, and worked for one year as an accommodation and catering manager for 2,000 workers of a Russian company in Libya. The acting director also completed studies at a Higher School of Hospitality, holds an international bartender certificate, completed a vocational course and training in marketing, a seminar on business etiquette organized by the Belgrade Chamber of Commerce, and a specialized course titled "Personal Style and Image" by Ashok Murty.

In relation to the Supervisory Board of PE Relaks, a proposal dated 8 December 2021 was submitted by the councilor group "Aleksandar Vučić – Serbia Wins" to the Commission for Personnel and Administrative Affairs, Labor Relations, Social Recognition, and Decorations. The proposal recommended appointing a new Supervisory Board due to the expiration of the previous mandate, with Snežana Magdu as president, Tijana Radović as a member, and Dejan Pušac as a member.

From the Municipality of Kovačica, TS received a copy of the diploma of the Board president, issued by the Faculty of Sciences in Novi Sad, showing that she graduated as a tourismologist. A copy of the diploma of one of the members was also submitted, confirming she earned a degree in tourism management from the same faculty. Additionally, a copy of the diploma of the third member was provided, showing that she graduated from the Faculty of Law at Megatrend University.

Veliko Gradište

The only public utility company included in the research from the municipality of Veliko Gradište was PUC Dunav, which is the sole public enterprise founded by the municipality. On the official website of Veliko Gradište, there is a section dedicated to public enterprises and institutions, accessible via the main menu under “Public Enterprises and Institutions.” On the page dedicated to PUC Dunav, the name of the director is listed along with basic contact information and addresses, as well as links to documents and public procurement information available on the enterprise’s website.

On the municipality’s website, a page was also found dedicated to the public competition for the position of director of PUC Dunav. This page contains the decision on the appointment of the director of the PUC “Dunav Veliko Gradište” from Veliko Gradište, the ranking list, the minutes from the 1st, 2nd, and 3rd sessions of the Commission for the Appointment of Directors of PE founded by the municipality of Veliko Gradište, the public competition notice for the director position, and the decision on the implementation of the public competition dated 1 March 2021.

The Municipal Assembly of Veliko Gradište responded to the request to provide documents showing that, during the process of selecting, nominating, and appointing candidates for directors or acting directors, as well as candidates for members of supervisory boards, it was verified that they met the legal requirements. The response also included a request for information on which working body, authority, or service made such determinations, and whether there is an official act (and its name, if applicable) that stipulates which body holds the responsibility, obligation, or authority to determine, during the appointment process, whether a candidate for a supervisory board member or acting director of a public enterprise or utility company meets the legal requirements. Regarding the director appointment process, the Municipal Assembly of Veliko Gradište provided a link to the aforementioned webpage. From the minutes of the Commission that conducted the competition, it is possible to see which documents the candidate submitted. However, for members of the Supervisory Board, the Assembly replied that it does not possess those documents, since the proposal is prepared by the Municipal Council, and the supporting material is compiled by the Municipal Administration.

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PUC Dunav

The public utility company PUC Dunav has a well-organized website containing a wealth of information. The website includes the professional biography of the director as well as the official appointment decision. According to the available data, the director is a lawyer who has worked at PUC Dunav since 2016 and meets the legal requirements. She was appointed as director in April 2021 following a public competition in which she was the sole candidate. A new competition was announced in February 2025, and once again she was the only candidate. In May 2025, she was reappointed as director.

The website also contains the professional biographies of the Supervisory Board members, along with the appointment decision dated May 2023. Based on the biographies, it is not possible to determine how the two members appointed upon the founder's proposal meet the legal requirement of at least three years of experience in the field relevant to public enterprise operations. The president of the Supervisory Board holds a degree in agricultural economics and previously worked for livestock-related companies and Agrobanka. The second member is a retired economist who worked as a school teacher, commercial director at a leather goods manufacturing company, and later as a supervisor and coordinator in the banking sector.

The PUC Dunav website also features quarterly reports for the observation period, as well as the work plan for both the current and previous year.

The company has published its job classification rulebook, founding act, company statute, and price list. Initially, only the minutes from Supervisory Board meetings up to 2022 were available, but following a letter from TS, more recent minutes were also published. Although data on financial receivables were not made public, the company did publish a document outlining its debt collection policy.

However, no documents were found regarding representation expenses, rules for the use of official vehicles, advertising contracts, consulting or marketing service contracts, or legal service contracts.

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The public procurement plan for the current year has been published on the website, along with calls for public procurement and decisions on contract awards.

The company responded to the verification request and confirmed that data on financial receivables had not been published. It stated that it does possess a rulebook on the use of official vehicles but does not have a rulebook on representation expenses. The response also indicated that no contracts had been concluded for advertising, but it confirmed that legal service contracts were signed between 2015 and 2018.

PUC Ribariće Tutin

The company does not have its own website. On the website of the Serbian Business Registers Agency (APR), the names of the acting director and Supervisory Board members were found. According to data obtained from the local self-government unit during the LTI research, the acting director was appointed in June 2020, meaning that the maximum legal duration for an acting mandate expired nearly four years ago. A public competition for the director position was found in the Official Gazette, dated February 2025.

The company did not respond to the request for verification of findings.

Public Utility and Housing Company "Gradac" Tutin

The PUCs website does not contain any of the requested information or documents—not even a price list, which is, however, published on the local government’s website.

On the municipal website, the names of the director and Supervisory Board members are listed. However, a different name is listed as acting director on the website of the Serbian Business Registers Agency (APR). According to media reports, the current acting director has held the position since September 2024.

Based on information from the only available document—the 2023 business plan—the members of the Supervisory Board (whose names are also listed in the APR registry) were appointed in December 2020.

The company did not respond to the request for verification of findings.

Brus

The research included one public enterprise founded by the municipality of Brus: PUC Rasina.

On the official website of the municipality of Brus, there is a page dedicated to public enterprises, accessible directly via the main menu. On the page dedicated to the sole public utility company, only basic contact information is listed. There are no names of management or any documents available.

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The Municipal Assembly of Brus responded to the request to provide documents confirming that, during the process of selection, nomination, and appointment, it was verified that candidates for directors or acting directors, as well as candidates for members of supervisory boards, met the requirements prescribed by law. The request also asked which working body, authority, or service conducted this verification, and whether there is an official act (and its name, if applicable) that prescribes which entity has the duty, obligation, or authority to determine, during the selection or appointment process, whether a candidate for a supervisory board member or acting director of a public enterprise or public utility company meets the legal requirements.

The municipality did not provide any documents in its response, nor did it mention their existence. In reply to the remaining two questions, it stated that there is no act prescribing which body determines compliance with legal requirements. It also noted that proposals for appointments are prepared by the Assembly’s Committee for Elections, Appointments, Administrative, and Mandate-Immunity Issues.

PUC Rasina Brus

At the time of the initial review, no information was found regarding the acting director or the members of the Supervisory Board. However, following Transparency Serbia’s verification request, brief biographies were published.

The acting director is a lawyer, although it is not stated where or when she obtained her degree, making it impossible to determine whether she meets the legal requirement of at least five years of work experience in positions requiring higher education. Her biography lists previous workplaces: 1.5 years at "Fudlend" (a food industry company, with no position specified) between 2016 and 2018; two years as manager of the Goč hunting grounds from 2018 to 2020; 5 years and 8 months at NIS AD Novi Sad between 2014 and 2020; 1 year and 5 months as acting director of the local tourist organization from 2020 to 2023; and four months in 2024 as secretary of the Municipal Assembly of Brus.

Based on this information, it cannot be determined whether she has at least three years of experience in positions related to the operations of a public enterprise, nor whether she meets the legal requirements.

The president of the Supervisory Board holds a master's degree in economics, but again it is not stated where or when he graduated, meaning it cannot be concluded whether he has the legally required five years of experience in positions demanding higher education. His biography states that he was president of the Board of Directors of the Public Enterprise for Construction Land, Roads, Urban Planning, and Development in Brus from 2004 to 2008; served as director of the Municipal Tourist Organization from 2012 to 2016; and as acting director of the Regional Tourist Organization of Kopaonik from 2021 to 2023. He is currently employed at the Municipal Tourist Organization of Brus as an analyst for tourism product development. Based on this data, it also cannot be concluded whether he has at least three years of experience in areas related to public enterprise operations, nor whether he meets the legal requirements.

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For the second member of the Supervisory Board appointed at the founder's proposal, it is only stated that she is a graduate mechanical engineer. Since neither the institution nor the year of graduation is mentioned, it is not possible to determine whether she meets the legal requirement of having at least five years of professional experience in positions requiring higher education. It is stated that she has been employed at Telekom AD Srbija as an expert associate for the maintenance of thermo-technical installations since 2014. However, given that PUC Rasina does not operate in the field of heating—having no heating plant in its structure—but rather in areas such as water supply, sanitation, cemetery maintenance, parking services, market management, and construction activities, it cannot be concluded whether this Supervisory Board member fulfills the legal requirement of at least three years of experience in jobs related to public enterprise operations.

Following Transparency Serbia's verification letter, quarterly reports for the observed period, as well as the work plan for both the current and previous year, were published on the company's website. These documents were not available prior to the verification request.

The founding act was also published after the verification letter, along with the company's statute and price list. However, no job classification act (systematization), no minutes

from Supervisory Board meetings, no data on financial claims, and no act defining the policy on receivables collection were found.

Additionally, there was no published rulebook on representation costs, no rulebook on the use of company vehicles, nor any contracts for advertising, consulting, or marketing services. Contracts for legal services were also not found.

The public procurement plan for the current year had not been published on the site, nor were any calls for public procurement, links to the procurement portal, or decisions on contract awards found.

The company possesses a rulebook on representation costs but does not have a rulebook on the use of official vehicles. The response states that no contracts were concluded in 2023 and 2024 for advertising, consulting or marketing services, nor for legal services.

Initiatives to improve compliance with the Law on Public Enterprises

Incentives for local self-government units and public enterprises to implement transparency provisions

In November 2024, Transparency Serbia addressed the Ministry of Economy, specifically the Sector for Supervision and Control of Public Enterprises, and informed the assistant minister about the implementation of this research. TS reminded the head of the sector that during the public consultation on the Draft Law on the Governance of Business Entities Owned by the Republic of Serbia, both sides had reached an agreement—much to their mutual satisfaction—on several of the numerous proposals and suggestions submitted by Transparency Serbia.

The letter stated that the new research focuses on transparency (including both legally prescribed obligations and additional aspects), the selection of management bodies, and their professional qualifications at the level of local public enterprises, based on a relatively large sample—nearly 10% of all local PEs. TS proposed organizing a meeting, either in person or via an online platform, at which they could present their findings and future plans, as well as specific proposals for improving legislation and practice in this area.

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The Ministry did not respond to this letter, nor to a separate request for information regarding the adoption of by-laws that have been delayed for nearly a decade, or on the functioning of the new information platform.

However, this lack of response did not discourage TS in its persistent efforts to improve the situation in this field. In January 2025, it once again addressed the assistant minister with a follow-up letter.

TS reminded her that, in the November 2024 letter, it had informed her that, with the support of the German Federal Foreign Office, it was conducting research on the state of local public enterprises in relation to the implementation of the Law on Public Enterprises. We recently held a meeting with representatives of the RELOF-3 project as part of our project activities. We exchanged information about our respective ongoing activities, future plans, cooperation with the Ministry, local self-governments, and local public enterprises, and agreed on some upcoming joint steps.

At the meeting, we concluded that achieving higher standards in public enterprise transparency—an objective shared by both projects (and hopefully the Ministry as well)—is not something that can be placed on a short-term, or likely even a mid-term agenda, especially considering that a significant number of local public enterprises, even twelve years after the legal obligation to publish certain information and documents on their websites was introduced, still do not have a website at all.

Unfortunately, our research shows that even among those that do have websites, a considerable number fail to fulfill the transparency obligations prescribed by the Law on Public Enterprises. Furthermore, neither we nor RELOF have any information suggesting that anyone has been sanctioned in the past twelve years, in accordance with the provisions of the Law, for failing to meet these obligations.

Therefore, we concluded that a joint initiative should be addressed to the Ministry, specifically to your department, in the name of both the RELOF project and Transparency Serbia, calling on you to initiate certain activities that could lead to a significant improvement in the current situation.

We propose that you send a letter to all public enterprises, including those owned by the state (which also includes local PUCs/PEs), that are subject to the transparency provisions of the Law on Public Enterprises. The letter would serve as a warning, emphasizing the need to improve compliance with transparency obligations and stating that the Ministry will begin filing misdemeanor charges in accordance with the Law.

The proposal by RELOF and TS is for the Ministry to begin submitting such charges after a reasonable—but not excessively long—grace period, starting with those local public enterprises that do not have websites at all (according to our findings, all republic-level and provincial-level enterprises do have websites).

Such a warning, accompanied by a few filed charges (about which the Ministry—or TS, if the Ministry chooses not to—would inform the public), would almost certainly encourage most enterprises to improve their compliance.

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At the same time, we propose that the initial letter include the offer from both RELOF and TS to assist any enterprise wishing to improve its transparency by providing training, guidance, templates, or examples of best practices related to transparency.

The Ministry did not respond to this letter.

Imprecise legal formulation

In June 2025, TS once again contacted the Ministry with a new initiative, expressing its belief that the only reason the assistant minister had not responded to previous letters was due to the heavy workload of the Ministry and her department. TS expressed confidence that the public would soon see the full results, including in the area addressed by the initiative, and that the professional community would reflect this in one of its future reports.

“As our modest contribution to this progress, we offer this initiative, which concerns the correction of certain shortcomings in the legal framework governing the position and obligations of local public enterprises. We believe that the Ministry is considering the need to amend—and thereby improve—the legal framework, following the transfer of enterprises founded by the Republic of Serbia from the scope of the Law on Public

Enterprises to the Law on the Governance of State-Owned Companies. If that is the case, you may consider our suggestions as a small contribution even before the start of the public consultation process. If not, we invite you to initiate such changes.”

We propose the following points be considered:

- The procedure for verifying whether candidates for acting director and members of supervisory boards meet the legal requirements should be formally regulated. Unlike the selection process for directors (where this is handled by a commission), the Law does not specify who is responsible for verifying the qualifications of acting directors or supervisory board candidates. In practice, this often leads to no verification taking place at all, resulting in cases—as clearly demonstrated by our research—where both acting directors and supervisory board members fail to meet several legal criteria.
- The legal requirement that a director or board member must have at least three years of work experience “in jobs related to public enterprise operations” should be clarified. Since public enterprises are typically registered for a wide range of activities, the regulation should specify that this experience must relate to the enterprise’s predominant activity. At the same time, practice shows that many supervisory board members have backgrounds exclusively in legal or economic fields. While such expertise is certainly relevant, we suggest the Law should specify that at least one board member appointed at the founder’s proposal must have experience in the predominant field of activity of the enterprise.
- The provision limiting the mandate of an acting director to 12 months should be clarified to apply to the total uninterrupted period. It should be explicitly prohibited to circumvent this limit by appointing multiple successive acting directors for 12 months each. The Law should define the legal consequences of this unlawful practice (e.g., nullification of adopted decisions) and outline a procedure for the internal delegation of authority if the 12-month deadline expires before a permanent director is appointed through public competition.
- The scope of documents that public enterprises are legally required to publish on their websites under transparency rules should be expanded. This should include all contracts related to marketing, media, and legal services. It is worth recalling that a former director of a state-owned enterprise at the national level was convicted for abuses committed precisely through such legal service contracts.
- The requirement to publish the CVs of directors and supervisory board members should be strengthened to ensure that these CVs contain specific and verifiable information demonstrating that the individuals meet the legal requirements. Currently, many published biographies consist of vague general statements such as “has extensive experience” or incomplete data such as “graduated” without indicating the year. An even better solution would be to mandate the publication of supporting documents that substantiate the individual’s qualifications.

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These proposals, among others, will also be submitted as part of any future public consultations on potential amendments to the legal framework.