

M. A. Thesis Evaluation Report

Marina Drobňjak: *Renewable Energy Sector in the Republic of Serbia: Constraints in Renewable Energy Market Development*, M. A. Thesis, 2016, 92 pgs.

Reviewer: František Šístek, M. A., Ph. D.

The M. A. thesis of Marina Drobňjak represents an overview on the development of renewable energy sector (RES) in Serbia. Most of her analysis has focused on the last five years, certain legislative measures and government policies can be traced back to the first decade of the 21st century. In the case of Serbia, the RES still represents a nascent industry and market. Despite the fact that its importance and future prospects have been generally recognized, it has so far received insufficient attention in academic literature. Drobňjak has approached the topic as a case study. One can imagine that a comparative research (e. g. Serbia and Croatia/Slovenia, Serbia and Bulgaria and/or Romania) would bring even more interesting results. However, due to the limited attention given the development of RES in Serbia so far, the choice of case study is justified. The author situates the topic into the context of overall economic, political and social situation in Serbia, traces the different stages of the development of RES in recent years, pays special attention to the interplay of external and internal factors (government, EU, international financial institutions etc.) and finally observes more closely the particular projects (hydroelectric power stations, wind and solar industry, biomass and gas). Throughout the work, she highlights the ambiguous role of the state, which has remained decisive in many ways. On the one hand, RSE has enjoyed stable political support, it has generally been regarded as an integral part of the wider agenda of economic transition and EU integration. On the other hand, state has maintained firm control of major energy suppliers, it has a legislative initiative and interferes in the economic sphere in different ways. According to Drobňjak's hypothesis, the state and its particular measures can be blamed for the relatively slow development of RES.

The M. A. thesis has a well-organized and reader-friendly structure. The various aspects of the topic and its wider context are analyzed in the framework of chapters and sections which follow a logical order. Each section is concluded with a useful summary. In her research, the author has used primary and secondary sources in English and Serbian. Research of reading materials was further supplemented by several interviews (Drobňjak does not disclose the names of her interviewees but provides sufficient information about their professional positions in the bibliography, pg. 78). Due to the relative novelty of RSE in Serbia and the fact that this topic still remains insufficiently reflected, she often had to rely on official publications such as government documents and materials published by companies with direct interest in the business. The author

has mentioned her awareness of the promotional and self-congratulating tendencies of some of these sources. Due to the very nature of the available sources, Drobnjak's thesis fully accepts and does not attempt to contradict the predominantly neoliberal discourse of economic transition, with its characteristic notion of market liberalization and belief that state bureaucracies and legislative regulations tend to represent a hindrance of economic development. The language of the thesis is well developed and clear, arguments logically presented. However, one frequently repeated mistake calls for correction: the use of the capital T in the middle of a sentence when using the full name of the country (The Republic of Serbia). When citing original names in Serbian, she could have used diacritical marks instead of omitting them (Elektro Mreze). There is no need for such concessions to an imaginary (Western) „Big Other“ in academic texts.

In her thesis, Drobnjak provides a complex analysis of RES as a „policy-driven industry“ which is highly reliable on external (international banks, EU etc.) and internal (especially state) actors and the widely accepted vision of „clean energy“. The development of RES in Serbia, which is still in its initial stage, has been understood as an integral and more or less inevitable part of the restoration of capitalism in its present neoliberal form, inclusion into the global market and European integration. Since 2006, when it became an independent state, the country has been a member of Energy Community. Serbia is therefore obliged to adopt EU directives on energy despite the fact that it is not an EU member state (in 2006, it did not even have a candidate status). The prospect of EU membership has also influenced the National Renewable Energy Action Plan, which has set the (probably overambitious) goal of 27% share in the overall energy production provided by the RES by 2020. According to government plans, the largest energy producer (Elektroprivreda Srbije) will be transformed into a joint stock company, which should result in a diversification of the energy market. Drobnjak pays special attention to the risks of RES investment. One of them is a social attitude, which might have political consequences. „Many citizens of the country feel that renewable energy or environmentally friendly endeavors represent a luxury which Serbia is not able to provide, as there are far greater challenges in the country,“ (p. 44). The author believes that RES is largely shaped and stimulated by external forces. Without them, its development would be more difficult if not impossible, she claims. Apart from EU, it is primarily the influence of foreign banks on restructuring the economy, changing the existing laws and liberalizing the energy market - EBRD (regional energy efficiency program), the European investment bank (EIB), The Western Balkans Investment Fund, the European Commission, the KfW, the European Commission, USAID and IFC (World Bank). She concludes that small hydro power plants have so far most contributed to the fulfillment of Serbia's ambitious goals in the development of RES (Serbia has a relatively long experience with hydroelectric energy, which is not the case with solar and wind energy). Information concerning the national goals for 2020 is rather scattered in particular sections,

however, it is clear that the country has so far made insufficient progress. Drobnjak provides an interesting observation on the role of external factors: the role of international financial institutions such as EBRD and EIB is sometimes questionable, since they are supporting projects which do not comply with EU legislation, especially in the environmental sphere (pg. 59).

A few objections and additional questions can be raised.

- 1) Most of her analysis deals with the “big“ players – government, companies, and international actors such as EU and EBRD. We do not learn much about possible grass-roots initiatives, NGOs and academic institutions. Is RES simply too much of a “big issue“, remote from ordinary concerns of the citizens? Is it really an issue which does not cause much concern in civil society and the academic sphere?
- 2) When speaking of Serbia’s government and its policies in different phases, Drobnjak could have been more specific at times. The government is not a stable entity immune to change, it is represented by various actors, driven by competing ideologies etc. For example, on pg. 26, we learn that “the government in 2008 declared national priorities for sustainable development“. Was it the government of prime minister Koštunica of the DSS or the subsequent government led by prime minister Cvetković of the rival DS?
- 3) On pg. 29, Drobnjak mentions the widespread problem of bribery in the energy sector. She does not specify whether there have been known cases of bribery in the RES. Have any such cases been reported so far?
- 4) Among the hindrances which can negatively influence the development of RES, she mentions several factors such as corruption, unemployment and brain drain. She should have also added the negative demographic trend – ageing and loss of population, which has severely affected Serbia, particularly its less developed rural areas and small towns.
- 5) In some cases, the material would benefit from a more comparative approach – not for the sake of comparison itself (as I said before, a case study is a legitimate approach), but rather in order to better highlight the particular problems and regional specificities of Serbia. A good example of is a discussion on pgs. 32-33. The fact that the state owns 100% of energy production capacities could have been contrasted with a different situation in neighboring Bulgaria, for example, with its far more diversified ownership of energy production. If we bear in mind the fact that Serbia also intends to privatize or partly privatize the energy sector, the case of Bulgaria, where the liberalization of energy prices caused great social and political upheavals in recent years, might problematize the assumption that liberalization will automatically be beneficial for Serbia.
- 6) On pgs. 41-22, we learn that the main investor on Serbia’s energy market is Naftna industrija Srbije (NIS), which in partnership with the Russian Gazprom represents a single

largest contributor to national budget with 14% and is at the same time involved in renewable energy projects. This leads to a logical and legitimate question: have Russian companies played any role so far in the development of RES sector? If so, has it been regarded as a problem in Serbia or in the West?

In her M. A. thesis, Marina Drobnjak provided a complex overview of RES in Serbia during the initial stage of its development. In her analyzes, she also paid sufficient attention to the wider context of the topic, including business environment in Serbia, government policies and the involvement of external factors. Drobnjak has managed to capture this initial phase and its context quite well, especially if we keep in mind the relative scarcity and dispersal of sources. Her work meets all requirements from the formal perspective (structure, clarity of arguments etc.) as well. Last but not least, the core parts of the thesis provide a solid analysis of this under-researched but promising business sector and could perhaps be of interest to readers who are or intend to be practically involved in RES.

I recommend the thesis of Marina Drobnjak for oral defence.

Proposed grade: 1 (excellent – výborně)

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