

SERBIA



COUNTRY ASSESSMENTS

HIGHLIGHTS

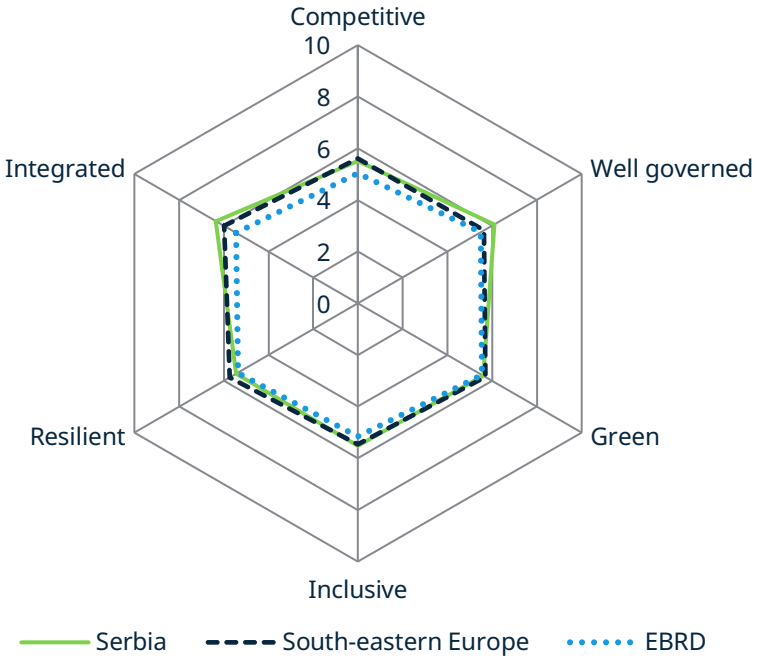
- **Economic growth accelerated in the first half of 2026.** Real gross domestic product (GDP) grew 3.5 per cent year on year in the first half of the year, up from 2.0 per cent in 2025. Growth relied on strong services and continued robust consumption, boosted by rising real wages and pensions, amid decelerating inflation as a result of government policies to absorb the fuel price shock.
- **The International Monetary Fund (IMF) completed its third review of Serbia's Policy Coordination Instrument in June 2026.** The review confirmed compliance with programme targets and progress on fiscal risk management, public financial management, energy sector reforms and macroeconomic governance, while flagging the need for further state-owned enterprise (SOE) reforms, stronger public investment management and enhanced fiscal transparency.
- **Energy market and renewable-energy reforms have advanced in 2026.** Revised electricity market rules entered into force in December 2025, further liberalising the balancing and ancillary services markets and enabling the more active participation of consumers, producers and storage operators. The government also prepared draft amendments to the country's renewable energy law aimed at streamlining permitting, creating accelerated development zones and aligning Serbia's framework with European Union (EU) requirements.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Accelerate the implementation of structural reforms under the Reform Agenda,** particularly in public investment management, public-sector governance, SOE reform and the business environment, to support productivity growth and convergence with the EU.
- **Strengthen energy security and advance the green transition,** including further electricity market development, renewable energy deployment, storage investment and diversification of energy supply sources.
- **Address skills gaps and improve human capital.** Labour shortages, skills mismatches and relatively low education and research and development (R&D) spending continue to constrain productivity growth and convergence with the EU.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

EU Growth Plan and Reform Agenda implementation

- Serbia has continued to implement its Reform Agenda under the EU Growth Plan for the Western Balkans, which covers the business environment, the green transition, digitalisation and institutional governance.
- Progress on implementation remained uneven, and discussions continued with EU institutions on reform commitments and broader accession priorities. Consequently, the disbursement of the next tranche of Growth Plan funding remains under consideration.

1 From the fourth quarter of 2025 to October 2026.

Single Euro Payments Area (SEPA) integration

- Following Serbia's accession to SEPA in 2025, implementation continued into 2026, aligning the country's payment infrastructure and regulations with European standards. Serbia formally joined the SEPA payment scheme in 2026.
- Serbia's participation in SEPA is expected to reduce the cost and duration of cross-border euro transactions, strengthen financial integration with the EU and improve the business environment for trade and investment.

Electricity market and renewable energy reform

- Revised electricity market rules entered into force in December 2025, updating balancing market arrangements, liberalising ancillary services and introducing an "active buyer" concept that lets consumers and companies generating or storing electricity participate more directly in electricity markets.
- The government proposed draft amendments to the Law on the Use of Renewable Energy Sources, aligned with EU Renewable Energy Directive (RED II/RED III) requirements, to streamline permitting, establish accelerated development zones and create a dedicated investor contact point. The draft was out for public consultation from June to July 2026 and remained unadopted as of the end of October 2026.

Judicial and institutional governance reforms

- In January 2026 Serbia adopted amendments to several laws governing courts, judges and prosecutorial institutions, aimed at improving the efficiency and organisation of the judicial system.
- The reforms became an important element of discussions between Serbia and EU institutions regarding rule-of-law benchmarks and accession-related reforms, with further alignment with EU recommendations remaining part of ongoing reform dialogue.

IMF programme review

- In June 2026 the IMF completed its third review of Serbia's Policy Coordination Instrument (PCI), confirming continued macroeconomic stability and compliance with programme targets. Progress was made on public financial management, fiscal risk monitoring, pension sustainability analysis, tax expenditure reviews, energy-sector reforms and measures to promote the greater use of the dinar.
- The IMF nevertheless flagged vulnerabilities linked to SOEs, especially in the energy sector, large infrastructure investment management and contingent fiscal liabilities, calling for stronger SOE governance, public investment management, fiscal transparency and public spending efficiency.

E-government law amendments

- In May 2026 the government adopted amendments to the Law on e-Government to further modernise public administration, strengthen digital public services and enable more efficient data exchange between state institutions.
- The changes are expected to reduce administrative burdens for firms and citizens, improve interoperability across government systems and support wider digitalisation of public services.

Insurance and pension reform

- The National Bank of Serbia is amending its insurance and pension supervision framework. In May and June 2026 it published a draft law overhauling the Law on Voluntary Pension Funds and Pension Plans, and a draft amendment to the Law on Compulsory Traffic Insurance with the Ministry of Finance, both undergoing short public consultations.
- The central bank also updated several insurance-sector bylaws in 2025-26 that covered supervisory reporting, fund investment and anti-money-laundering rules, aligning Serbia's insurance and pension regulation more closely with EU standards ahead of accession.