

Coronavirus response in 2021: building back better

Update on Serbia (16 June 2021)



Covid-19 policy response

- **A large Covid-19 response package in 2020, corresponding to around 13 per cent of GDP** (€5.8 billion), focused on wage subsidies and support for citizens and the healthcare sector, as well as tax deferrals and liquidity support for small and medium-sized enterprises (SMEs) through credit guarantee schemes.
- **An additional Covid-19-related fiscal package is planned for 2021**, worth around 4.5 per cent of GDP (€2.0 billion), comprising increased expenditure on the healthcare sector, wage subsidies and one-off payments to pensioners and other adults. Credit guarantee schemes have been supplemented by €1 billion.

Macroeconomic indicators (%)

	2018	2019	2020
GDP growth	4.5	4.2	-1.0
Annual inflation (end-year)	2.0	1.9	1.6
Government balance/GDP	0.8	0.0	-8.1
Current-account balance/GDP	-4.8	-6.9	-4.3
Net FDI/GDP	-7.4	-7.7	-6.2
Public debt/GDP (end-year)	54.4	52.8	58.2
Unemployment rate (end-year)	12.7	10.4	9.0

Short-term indicators

EBRD GDP growth forecast (June 2021)
2021: 6.0%; 2022: 3.5%

GDP quarterly growth: 1.7% y/y (Q1 2021)

Economic sentiment: 104.4 (April 2021)

Retail trade: 3.9% y/y (Jan-March 2021)

Industrial production: 3.8% y/y (Jan-March 2021)

Inflation: 1.7% y/y (Jan-April 2021)

Key short-term priorities

- Fiscal consolidation should be strengthened to maintain the sustainability of public finances once the economy is back on a medium-term growth trajectory.
- Adopt a concrete action plan for the implementation of the State Ownership Policy to move forward with improved governance of SOEs.
- Strengthen the rule of law and create a level playing-field for SMEs to increase domestic private investment.

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Well-governed

- The strengthening of state-owned enterprise (SOE) governance is advancing with the adoption of a State Ownership Policy in April 2021.

Green

- In April 2021, the country adopted four bills related to energy and mining, paving the way for further greening of the economy.

Resilient

- Power generation company Elektroprivreda Srbije completed the process of unbundling distribution company Elektrodistribucija Srbije in Q1 2021.

Integrated

- The Central European Free Trade Agreement (CEFTA), of which Serbia is a member, adopted the Western Balkans Declaration on a Common Regional Market in November 2020, enabling greater market integration in areas such as digitalisation, innovation, investment and industrial development.

Digital

- Serbia's "e-inspector" is now fully functional and chatbot software is being developed for reporting irregularities. The e-delivery of interactions and services between the government and businesses/citizens is being enhanced.

To learn more about the EBRD's support for Serbia visit: <https://www.ebrd.com/serbia.html>.

¹ For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.