

Responding to the Coronavirus Crisis

Update on Serbia (13/11/20)



European Bank
for Reconstruction and Development

EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals					Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)	
*	*		*	*	*	*		*	*	*	*	*		*	*	*				*	*	

Economic channels of disruption

Investments, supply chains, private consumption

- FDI inflows have weakened and domestic private investments might also be on decline
- Some supply chains might have been disrupted by the epidemic, as indicated by a lower production and exports of motor vehicles, basic metals, rubber and plastics
- A fall in remittances is to affect negatively consumption
- Lockdown and containment measures (including occasional curfew and closure of schools and non-essential businesses) also contribute negatively to economic activity

Selected crisis impact indicators

EBRD GDP growth outlook 2020: -3.5%
(Sept 2020) 2021: 3.0%

Decline in foreign direct investment 32% year-on-year
(Jan-Aug 2020)

Decline in workers' remittances 24% year-on-year
(Jan-Aug 2020)

Decline in exports of goods and services 9% year-on-year
(Jan-Aug 2020)

Crisis response measures to date

Support for businesses, healthcare and citizens

- Two aid packages consisting of direct private sector support (payment of minimum wages to entrepreneurs and MSMEs; wage subsidies to large businesses that had to suspend activity); fiscal measures (deferred payment of social security contributions and payroll tax); liquidity enhancement (primarily state guarantees for bank loans to SMEs).
- A programme of one-off subsidies for city hotels in difficulties
- Central bank providing additional local currency and FX liquidity to banks through EUR/RSD swap auctions and additional repo auctions (collateral changed to include corporate bonds as well); a repo line with the European Central Bank until at least June 2021
- One-off assistance to pensioners, medical staff and all adults, and a 10 per cent wage hike for health workers

Selected crisis response indicators

Total value of aid packages EUR 5.8 billion (12.5% of GDP)

Moratorium on debt payments End-September

CEB: EUR 200 million loan

Committed external assistance WB: USD 100 million loan

EU: EUR 93 million financial support package

Key short-term priorities

Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals