
IMF STAFF CONCLUDES VISIT TO SERBIA

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An International Monetary Fund (IMF) mission, led by James Roaf, visited Belgrade during February 27-March 6, 2017 to discuss progress in implementation of commitments under Serbias precautionary Stand-By Arrangement (SBA) with the IMF. A full mission for the seventh review under the new semi-annual SBA review schedule, combined with the 2017 Article IV Consultation, is planned for May. At the conclusion of the visit, Mr. Roaf issued the following statement:

Serbias economic program continues to deliver strong results. Growth picked up to 2.8 percent in 2016, with rising investment, exports, and employment. Fiscal performance continues to over-perform program targets. The general government deficit narrowed to 1.4 percent of GDP, the lowest level since 2005, and general government debt declined to 74 percent of GDP in 2016. Importantly, unemployment is on a firm declining trend, as are nonperforming loans in the banking sector.

The near-term macroeconomic outlook is positive, with growth projected at 3 percent in 2017 and inflation expected to remain within the target band. However, risks remain and structural economic challenges persist. In this context, the mission stressed the need to fully implement the authorities reform agenda to cement hard-won macroeconomic gains, reduce fiscal risks from state-owned enterprises, further strengthen financial stability, and boost Serbias medium-term growth and employment.

The mission stressed the importance of full implementation of planned public administration reforms, including in health, education and tax administration, as well as measures to enhance public investment management. It also assessed ongoing plans to resolve or restructure problematic state-owned enterprises, particularly in the mining and energy sectors, and the effectiveness of measures to eliminate arrears in the energy and health sectors. The mission also discussed the status of the financial sector reform agenda, including the implementation of the NPL resolution strategy and the strategy for state-owned banks.

The mission team is grateful for the authorities hospitality and close cooperation.

<http://www.imf.org/en/News/Articles/2017/03/06/pr1771-IMF-Staff-Concludes-Visit-to-Serbia>