WORLD BANK GROUP

Western Balkans Regular Economic Report
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COUNTRY FACTSHEET

Serbia

The growth rate of the Serbian economy in 2024 is estimated at 3.9 percent.

Economic expansion is expected to slow down in 2025, with risks tilted to the downside

Medium-term growth rates of around 3.5 to 4 percent will be mainly supported by consumption and public investment.

Serbia's economy saw a 3.9 percent year-on-year growth in 2024, above the previously projected 3.5 percent, mainly due to better-than-expected performance of the construction, industry and services sectors. However, a severe drought that hit Serbia in the summer of 2024 significantly impacted agriculture and contributed to a growth slowdown in the second half of the year. The unemployment rate averaged 8.6 percent in 2024, and the employment rate continued to increase to a record high of 51.4 percent, even though informal employment declined marginally.

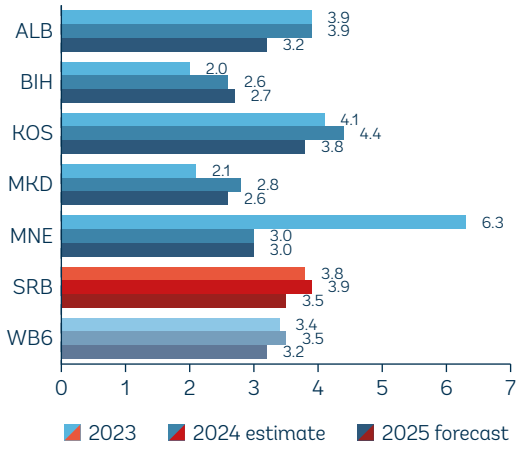
The incidence of poverty declined to 7.7 percent in 2024 and is projected to continue to decline albeit at slower rate, as the remaining poor are often characterized by chronic unemployment and thus not benefiting from economic growth.

> *Serbia has a good potential to accelerate its growth rate in the medium-term to levels exceeding 4 percent. For that to happen, the country will have to undertake important structural reforms to mobilize private sector and further strengthen the business environment, boost human capital, strengthen institutions and integrate faster within the Western Balkans and with the EU. At the same time, efforts should be geared towards implementing the green and digital transitions.*
>
> **Nicola Pontara**
> *Word Bank Country Manager for Serbia*

Serbia's expected growth rate of around 3.5 percent to 4 percent in the coming years, will be driven primarily by consumption and to some degree by investment. Downside risks to this scenario relate to the performance of state-owned enterprises, external demand of Serbian exports due to uncertainty in trade policy, and the impact of extreme weather on agriculture and infrastructure could be significant. On the upside, inflation is expected to decline gradually and stay within the central bank's target band. Sustained economic growth, along with targeted social assistance, will be essential for further poverty reduction.

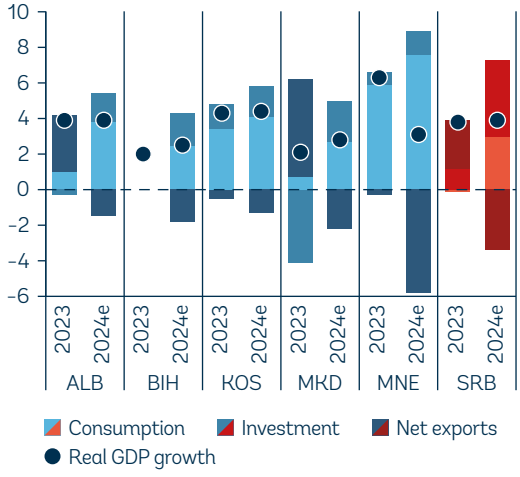
Real GDP growth

Percent



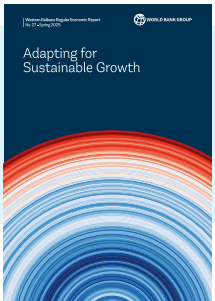
Annual Growth Composition

Percentage point



Source: National statistical offices and World Bank estimates.

Note: WB6 = Western Balkans six; e = estimate.



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