

Serbia**Country Partnership Framework FY16-20****Chair Summary*****June 23, 2015**

The Executive Directors discussed the World Bank Group Country Partnership Framework (CPF) (R2015-0103[IFC/R2015-0155, MIGA/R2015-0036]) for Serbia for the period of FY2016 to FY2020. Directors commended the growing commitment from the Government of Serbia to structural and macro-fiscal reforms, its engagement in creating a competitive and inclusive economy and its progress towards integration into the European Union, noting the importance of support from development partners during accession. Directors appreciated the CPF's alignment with priorities outlined in the Systematic Country Diagnostic (SCD) and with the country's reform program, which will contribute to poverty reduction and shared prosperity.

Directors supported the CPF, built around six of the highest priorities identified in the SCD. They took note of the degree of selectivity in the World Bank Group (WBG) program, recognizing the need to align with the Government's strategic priorities, and the complementarity with support provided by other development partners, especially the European Union. Directors further highlighted the importance of continued coordination within the WBG and with development partners, including the IMF, particularly in difficult structural reform areas.

Directors emphasized the importance of increasing economic participation in order to create jobs and eliminate barriers to employing youth, women, minorities, and marginalized groups. Directors supported the CPF focus on banking sector reform, particularly the reduction of non-performing loans. They noted the vital importance of private sector development and encouraged WBG entities to jointly assist Serbia in attracting much-needed private investment. Directors advocated an expanded role for IFC and MIGA in light of the reform of state-owned enterprises and the need to create jobs and foster growth. They encouraged improved planning and risk mitigation for natural disasters with WBG support in these areas and the broader climate change agenda. Directors also noted the potential of greater regional cooperation, while acknowledging regional economic and geopolitical challenges.

Directors welcomed enhanced WBG support under this CPF as long as commitment to reform remains strong, including a front-loaded lending program to offset the cost of reforms in the first years. They noted the importance of mitigating the impact of reforms on the poor and the bottom forty percent of the population. Directors also underlined the importance of strengthening Serbia's institutional coordination and implementation capacity, encouraging greater WBG engagement in this area as a way to mitigate risks related to the reform program.

*This summary is not an approved record.