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COUNTRY FACTSHEET

Kosovo

Economic growth in Kosovo is expected to reach 3.8 percent in both 2025 and 2026.

Growth will be supported by consumption and investment activity. However, economic uncertainty — especially regarding global trade policy — has increased in recent months.

Delays in forming a new government could negatively impact investment and the implementation of the structural reform agenda.

Kosovo's real GDP growth remained robust in 2024, averaging 4.4 percent supported by declining inflation and higher wages. Exports of goods and services continued to increase. GDP growth is expected to reach 3.8 percent in 2025 and 2026, driven by consumption and investment activity.

The outlook is subject to a high degree of uncertainty and risks. A further slowdown in EU activity, as well as heightened trade uncertainty, has the potential to negatively affect growth through reduced demand of goods and services exports and decreased inward investment flows.

At the domestic level, delays in forming a new government could negatively impact investment and the implementation of the structural reform agenda.

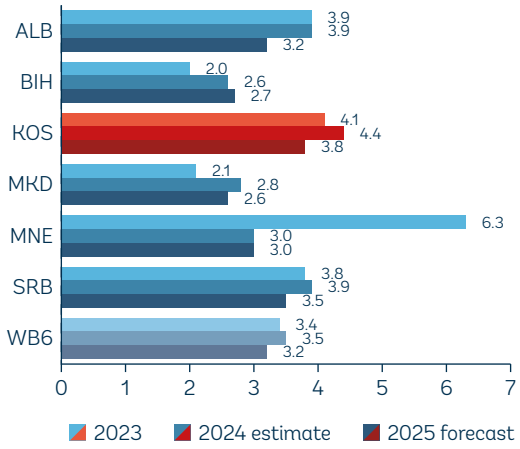
> *Kosovo's economy continued its robust performance, but Kosovo needs to generate additional resources for its growing investment needs, including in the areas of energy, infrastructure, human capital and connectivity.*
>
> **Massimiliano Paolucci**
> *World Bank Country Manager for Kosovo and North Macedonia*

Further progress in reducing poverty will depend on the ability to increase private sector competitiveness and sustain higher growth rates in the future. A tighter labor market could help boost wages, and policies to increase the quality of education and skills of lower educated workers could provide an additional boost.

The decline in population, partly due to outmigration, could be offset by increasing female labor force participation, currently constrained by factors such as lack of childcare services. Expanding childcare services would improve labor market opportunities for women and enhance children's school readiness through better early childhood education (ECE), while also creating additional job opportunities.

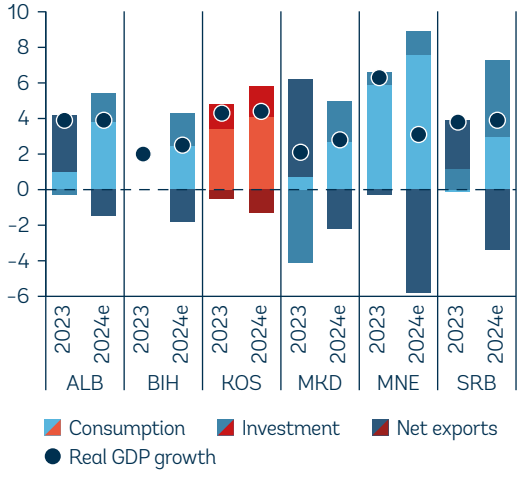
Real GDP growth

Percent



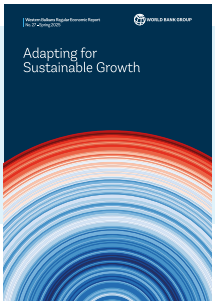
Annual Growth Composition

Percentage point



Source: National statistical offices and World Bank estimates.

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



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