

COUNTRY FACTSHEET

Bosnia and Herzegovina



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Growth is projected to rebound to 3.2 percent by 2027, with fiscal balances expected to improve as key reforms advance.

Bosnia and Herzegovina's GDP growth decelerated to 1.7 percent in Q1 2025, down from 3 percent a year earlier, driven by industrial production slowdown in particular manufacturing. Consumption persisted, but weak investment and rising food prices, pushed inflation up to 3.4 percent in June. With these challenges, growth is projected to remain moderate reaching 3.2 percent by 2027.

Public debt remains modest. However, average real income growth of just 3 percent per year since 2015 has left per capita GDP at only one-third of the EU average in 2024, limiting progress in poverty reduction. Economic vulnerability persists, with 40 percent of adults reporting they could not cover expenses for more than a month if their main income was lost. Increase in minimum wage has provided some relief to those with lower income.

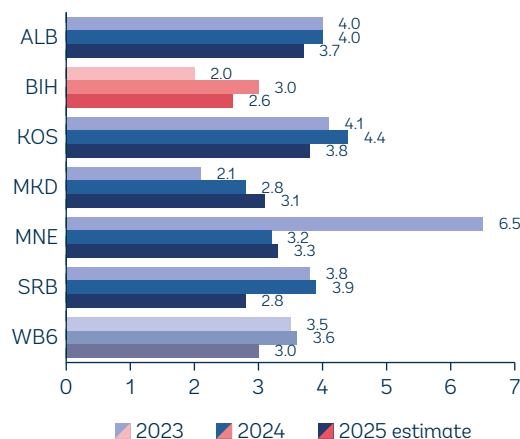
Looking ahead, Bosnia and Herzegovina faces key challenges: accelerating structural reforms, improving the business climate, and boosting labor market inclusion, especially for vulnerable groups. The outlook is subject to downside risks from global economic uncertainty and political instability in Bosnia and Herzegovina.

Bosnia and Herzegovina faces real challenges, from political instability slowing reforms to rising prices and global uncertainty. While consumption continues to support growth in the short term, lasting progress will depend on stronger investment, quality jobs, and steady reforms, especially as the country moves toward EU integration. Staying focused and adaptable will be key to overcoming risks and building a more resilient future.

Christopher Sheldon
World Bank Country Manager
for Bosnia and Herzegovina and Montenegro

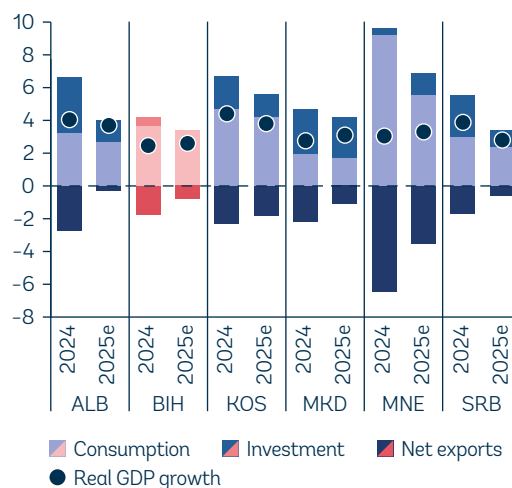
Real GDP growth

Percent



Annual Growth Composition

Percentage point



Source: National statistical offices and World Bank estimates.
Note: WB6 = Western Balkans six; e = estimate.



For more information and previous editions of the Western Balkans Regular Economic Report, click [here](#).