

COUNTRY FACTSHEET

Kosovo

Although growth decelerated in 2025, the economy showed resilience amid heightened uncertainty.

The outlook is subject to downside risk, including uncertainty stemming from the impact of the Middle East conflict.

Prudent fiscal management is key to maintaining strong fiscal buffers and prioritizing growth-enhancing spending.

After a 3-year period of above 4 percent average growth, Kosovo's economy slowed to 3.6 percent in 2025, as private consumption softened and imports picked up, while investment activity strengthened gradually. Higher wages and transfers, alongside robust credit growth, supported private consumption and poverty reduction. Goods exports remained weak amid subdued external demand, while growth in services exports, dominated by travel, information and communication technology, and other business services, helped offset the impact of rising imports to a degree. Rising energy and food prices contributed to higher inflation in 2025, which will likely continue in 2026 as recent global developments worsen the outlook.

Maintaining strong fiscal buffers and prioritizing growth-enhancing spending to boost productivity and strengthen competitiveness, are of utmost importance for Kosovo in times of heightened uncertainties. Raising the participation of youth and women in the labor market can foster a stronger and more sustainable growth

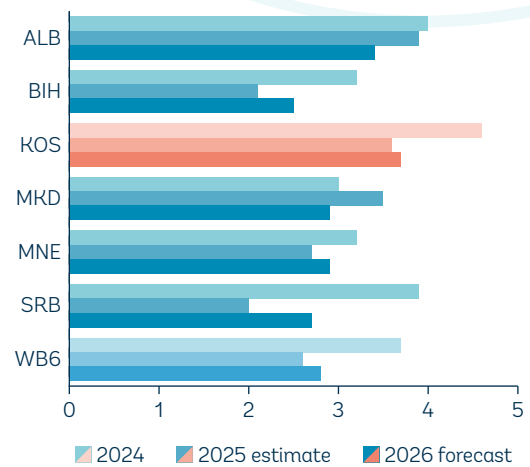
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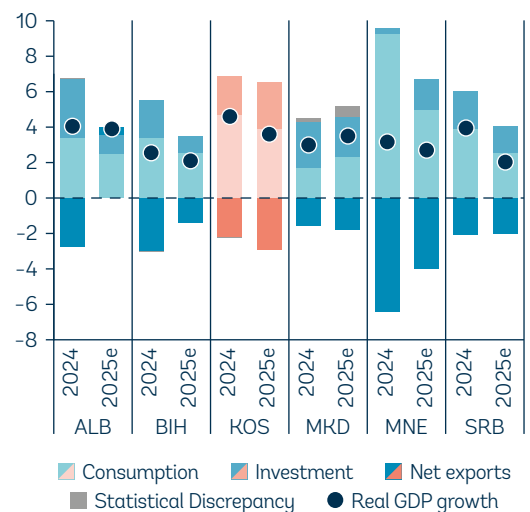
The medium-term outlook is expected to firm only modestly in 2026 due to a combination of domestic and external factors and is subject to downside risk. Price increases in energy and food following the conflict in the Middle East are expected to exacerbate an already difficult external demand sector, and the current account deficit is expected to hover above 9 percent on average.


Real GDP growth

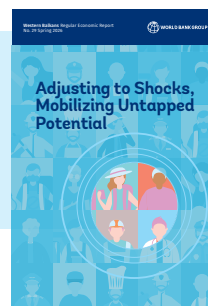
Percent


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](#).