

COUNTRY FACTSHEET

North Macedonia

North Macedonia's growth strengthened in 2025, with GDP growth reaching 3.5 percent, by large driven by highway construction and services.

Rising wages, together with increases in food and services prices, kept inflationary pressures elevated.

Growth in 2026–28 is expected to be driven by domestic demand, but heightened uncertainty associated to the Middle East conflict poses risks to the growth and inflation outlook.

Growth strengthened in 2025, largely driven by highway construction and services activity. However, rising wages alongside higher food and services prices kept inflation elevated. Progress on fiscal consolidation has been delayed, and the fiscal deficit remains above the fiscal rule threshold. Revenue shortfalls and a rising debt stock underscore the need for timely fiscal consolidation.

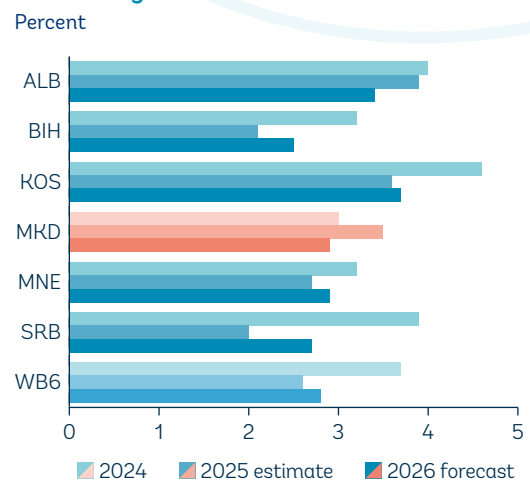
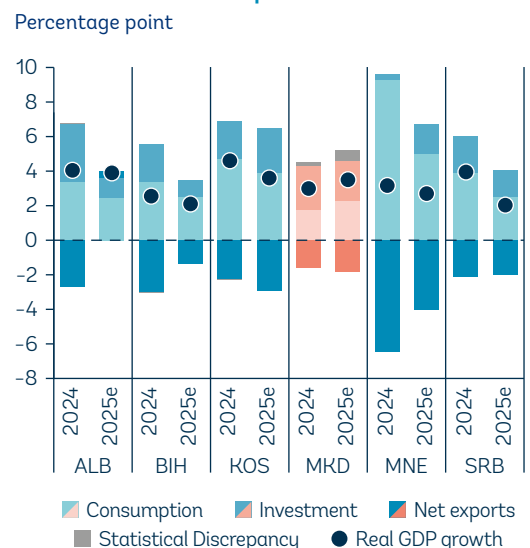
Growth is projected to average around 3 percent in 2026–2028, driven primarily by domestic demand. The outlook is subject to high uncertainty and elevated downside risks. Geopolitical uncertainty, including that associated with the conflict in the Middle East poses risks to the inflation and growth outlook. Medium-term prospects hinge on addressing persistent structural constraints that continue to limit productivity, inclusive growth, and convergence with EU living standards.

In the context of high uncertainty, strengthening fiscal buffers is essential for resilience to shocks. Fully mobilizing the untapped potential of the workforce, especially women and youth, can also provide North Macedonia an opportunity to further spur economic growth, and support long term social and fiscal sustainability

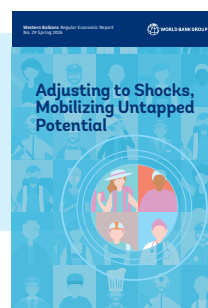
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Strengthening fiscal buffers and complying with the fiscal rule are essential for resilience to shocks. Pursuing reforms in energy, digitalization, connectivity, and labor markets, anchored in the EU Growth Plan, continue to be critical to attract private investment, create more and better jobs, and sustain poverty reduction.


Real GDP growth

Annual Growth Composition


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



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