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Annual Convergence Report 2025 – Bosnia and Herzegovina –



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ALL AREAS OVERALL

Economic

32.0% of EU average

-0.9 pp last year

100+ years to EU

Social

59.5% of EU average

+0.4 pp last year

Diverging from EU

Health

76.8% of EU average

+1.2 pp last year

89 years to EU

Education

72.3% of EU average

+1.0 pp last year

18 years to EU

Governance

59.3% of EU average

+1.5 pp last year

Diverging from EU

Environment

36.4% of EU average

-0.6 pp last year

Diverging from EU

Digitalisation

70.8% of EU average

-0.4 pp last year

30 years to EU

Infrastructure

23% of EU average

-0.1 pp last year

100+ years to EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, well-being in Bosnia and Herzegovina relative to the EU average **ranged from 23% to 77%**, depending on the area.
- **Four of the eight areas improved** in 2024 compared with the previous year.
- **Health remains the pillar closest to EU levels (77%)**, owing to the relatively good life expectancy and solid public spending on health care.
- **The infrastructure pillar is furthest from EU standards (23%)**, reflecting poor road coverage.
- **Governance recorded the strongest annual improvement in 2024 (+1.5 pp)**, driven mainly by an improvement in political stability.
- **The economy pillar showed the weakest dynamics in 2024 (-0.9 pp)** due to declining productivity.
- **Education and digitalisation** are within two or three decades of reaching the EU average, while **social, governance and environment** are diverging from EU standards, based on trends over the past five years.

ECONOMIC

GDP per capita

32.8% of EU average

-2.9 pp last year

100+ years to EU

Average wage

35.9% of EU average

+1.4 pp last year

48 years to EU

Minimum wage

32.1% of EU average

+2.2 pp last year

38 years to EU

Average pension

15.4% of EU average

0.4 pp last year

Diverging from EU

Productivity

43.9% of EU average

-5.3 pp last year

Diverging from EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, the **economic pillar overall** in Bosnia and Herzegovina reached **32.0% of the EU average**.
- This represented a **decline of 0.9 pp** compared to 2023.
- At the pace of change from the previous five years, Bosnia and Herzegovina would take **more than 100 years** to reach the EU average in the economic pillar.
- **GDP per capita** reached 38.2% of the EU average in 2024, measured in PPS.
- This represented a **decrease of 2.9 pp** compared to the previous year.
- Over the **past five years**, on average, Bosnia and Herzegovina narrowed the gap with the EU by only **0.1 pp**. If this trend continues, the country would take **more than 100 years** to reach the EU average GDP per capita.
- When it comes to **wages**, the situation is more positive. The **average wage** in the country in 2024 was 35.9% of the EU average, while **the minimum wage** stood at 32.1%.
- The **average annual increase over the past five years** was 1.3 pp and 1.8 pp, respectively.
- With this trend, Bosnia and Herzegovina would catch up with the EU average wage in about **48 years**, and with the EU minimum wage in roughly **38 years**.
- The average **pension** in Bosnia and Herzegovina remains very low, amounting to only **15.4% of the EU average**.
- Although the average pension increased by 0.4 pp in the latest year analysed (2022), **it stagnated relative to the EU over the five-year period**, which means that if current trends persist, it will never reach the EU average.

- **Productivity**, on the other hand, performs comparatively better, standing at **43.9% of the EU average**.
- As the average annual percentage change in the last five years was negative (at -0.2 pp), Bosnia and Herzegovina exhibits a tendency of **divergence** and, if this trend continues, it will never reach the EU productivity level.

SOCIAL

Unemployment

46.9% of EU average

+0.9 pp last year

49 years to EU

Employment

76.1% of EU average

+2.5 pp last year

14 years to EU

Poverty

53.1% of EU average

+0.1 pp last year

Diverging from EU

Inequality

85.9% of EU average

+0.3 pp last year

73 years to EU

Gender gap

35.7% of EU average

-1.5 pp last year

Diverging from EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, **overall social well-being** in Bosnia and Herzegovina reached **59.5% of the EU average**.
- This represented an **improvement of 0.4 pp** compared to 2023.
- Despite the slight increase, the longer-term trend from the past five years indicates **overall divergence** from the EU average.
- The **unemployment rate** in Bosnia and Herzegovina reached **46.9%** of the EU average in 2024.
- This was an **improvement of 0.9 pp** compared to the previous year.
- **Over the past five years**, Bosnia and Herzegovina has managed to close **1.1 pp** of the gap with the EU, on average.
- If this trend continues, the country would **reach the EU average** unemployment rate in about **49 years**.
- When it comes to the **employment rate**, the situation is more positive.
- The average employment rate in Bosnia and Herzegovina in 2024 was **76.1%** of the EU average, and it increased by **2.5 pp** compared to the previous year.
- The average annual change over the five-year period is **1.7 pp**.
- If trends from the past five years continue, Bosnia and Herzegovina would **catch up with the EU average** employment rate in **around 14 years**.
- The **poverty** rate in Bosnia and Herzegovina was 53.1% of the EU average in 2024.
- This represented a change of **0.1 pp** compared to the previous year.

- Over the past five years, poverty in Bosnia and Herzegovina **relative to the EU average** was worsening by 0.1 pp every year on average, indicating **divergence**.
- In 2024, **inequality** stood at 85.9% of the EU average, and it **improved by 0.3 pp** compared to the previous year.
- Over the past five years, on average, inequality has been improving modestly, **by 0.2 pp annually**.
- If these trends continue, Bosnia and Herzegovina would reach the EU average in **approximately 73 years**.
- The **gender gap** in Bosnia and Herzegovina was 35.7% of the EU average in 2024, which represents a **worsening of 1.5 pp** compared to the prior year.
- Over the **past five years**, the gender gap was worsening by the average rate of **2.9 pp** relative to the EU average, indicating **divergence**.

HEALTH

Health spending

87.9% of EU average

-5.2 pp last year

Diverging from EU

Life expectancy

95.6% of EU average

+0.4 pp last year

Diverging from EU

Infant mortality

62.0% of EU average

+5.4 pp last year

25 years to EU

Hospital beds

79.0% of EU average

+0.8 pp last year

10 years to EU

Physicians

59.0% of EU average

-0.5 pp last year

100+ years to EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, Bosnia and Herzegovina reached **76.8% of the EU average** in overall health well-being.
- This represented an **improvement of 1.2 pp** compared to 2023.
- At the pace from the past five years, Bosnia and Herzegovina **would reach the EU average** in **about 89 years**.
- **Public spending on health** in Bosnia and Herzegovina reached **87.9% of the EU average** in 2024.
- This represented a **decline of 5.2 pp** compared to the previous year.
- Over the **past five years**, public spending on health has been decreasing by 3.6 pp per year relative to the EU average. If this trend continues, Bosnia and Herzegovina **will not reach the EU average level** of public health spending.
- **Life expectancy** in Bosnia and Herzegovina does not deviate much from the EU average. In 2024, it stood at **95.6% of the EU average** and has remained at a similar level over the past five years.
- Although it did increase by 0.4 pp compared to the previous year, **during the five-year period**, the average change of life expectancy decreased slightly, by 0.1 pp.
- Therefore, if this trend continues, Bosnia and Herzegovina **will never fully reach the EU average**.
- In 2023, **infant mortality** in Bosnia and Herzegovina was **62% of the EU average**, which represents an **improvement of 5.4 pp** compared to the previous year.
- Over the past five years, it improved relative to the EU by **an average of 1.5 pp** per year.

- If current trends continue, Bosnia and Herzegovina would reach the EU average in **approximately 25 years**.
- The number of **hospital beds** in Bosnia and Herzegovina stood at **79% of the EU average** in 2022, a **0.8 pp** compared to the previous year.
- This indicator has shown an upward tendency, increasing by an average **2.2 pp per year** over the past five years.
- If this pace continues, Bosnia and Herzegovina will reach the EU average in the number of hospital beds in **about 10 years**.
- The **number of physicians** in Bosnia and Herzegovina is at **59% of the EU average**, which was a **decline of 0.5 pp** compared to the previous year.
- Over the past five years, this figure increased by the average **of 0.2 pp per year**.
- Although the direction of change is positive, progress remains very slow. At the current rate, it would take the country **more than 100 years** to reach the EU average.

EDUCATION

Education spending

85.2% of EU average

+2.6 pp last year

3 years to EU

PISA scores

82.9% of EU average

Only 2018 data avail.

Undeterminable

Tertiary enrolment

56.4% of EU average

+1.0 pp last year

Diverging from EU

Tertiary attainment

47.5% of EU average

-0.3 pp last year

27 years to EU

Tertiary activity

103.1% of EU average

+1.2 pp last year

Converged

NEET rate

62.0% of EU average

+6.2 pp last year

13 years to EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, Bosnia and Herzegovina reached **72.3% of the EU average** in the **overall** education pillar.
- This represented an **improvement of 1.0 pp** compared to 2023.
- At the pace from the past five years, the country would reach the EU average in **about 18 years**.
- **Public spending on education** reached **85.2% of the EU average** in the latest year with available data (2022).
- This was an **increase of 2.6 pp** compared to the previous year.
- Over the past five years, the average annual rate of change in education spending was 5.1 pp. If this trend continues, the country will **reach the EU average in three years**.
- The **average PISA score** in Bosnia and Herzegovina was **82.9% of the EU average** in 2018.
- Since data was only available for one year (2018), neither a year-on-year nor a five-year trend can be calculated.
- **Enrolment in tertiary education** in Bosnia and Herzegovina reached **56.4% of the EU average** in 2023. This was an **increase of one pp** compared to the previous year.
- Over the past five years, enrolment in tertiary education fell by 0.5 pp per year. At that trend, Bosnia and Herzegovina will **never reach the EU average**.
- **Tertiary education attainment** in Bosnia and Herzegovina reached **47.5% of the EU average** in 2023, decreasing by 0.3 pp compared to the year before.
- The average annual change of the indicator over the past five years was **2 pp**.

- If this trend continues, Bosnia and Herzegovina will reach the EU average in tertiary education attainment **in approximately 27 years**.
- The **labour force with advanced education** in Bosnia and Herzegovina reached **103% of the EU average** in 2023, positioning it slightly above the EU mean.
- This represented an **increase of 1.2 pp** compared to the previous year and the average change during the five-year period.
- In this indicator, the country **surpassed** the EU average.
- The **NEET rate** in Bosnia and Herzegovina reached **62.0% of the EU average** in 2024.
- This was an increase of **6.2 pp** compared to the prior year.
- Over the past five years, the NEET rate rose by an average rate of change of **2.9 pp per year**. If this trend continues, the NEET rate in Bosnia and Herzegovina will reach the EU average in **approximately 13 years**.

GOVERNANCE

Voice&Accountability

60.3% of EU average

-0.3 pp last year

Diverging from EU

Political stability

68.6% of EU average

+4.2 pp last year

63 years to EU

Govt. effectiveness

44.4% of EU average

+3.1 pp last year

Diverging from EU

Regulatory quality

65.9% of EU average

+0.4 pp last year

100+ years to EU

Rule of law

60.5% of EU average

-1.6 pp last year

Diverging from EU

Corruption control

55.9% of EU average

+3.3 pp last year

100+ years to EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2023, Bosnia and Herzegovina reached **59.3% of the EU average** in the **overall governance** pillar.
- This represented an **improvement of 1.5 pp** compared to 2022.
- Despite short-term gains, long-term trends indicate overall **divergence** from the EU average.
- **Voice and Accountability** reached **60.3% of the EU average** in 2023.
- This represented a **decrease of 0.3 pp** compared to the previous year.
- Over the **past five years**, the indicator fell by an average annual change of 0.5 pp. If this trend continues, the country will continue **moving further away** from higher governance scores and will not reach the EU average.
- **Political stability** in the country reached **68.6% of the EU average** in 2023, an **increase of 4.2 pp** compared to the previous year.
- Between 2019 and 2023, the indicator rose by 0.5 pp per year on average.
- If this trend continues, Bosnia and Herzegovina will reach the EU average in **approximately 63 years**.
- **Government effectiveness** reached **44.4% of the EU average** in 2023.
- This was an **increase of 3.1 pp** compared to the year before.
- However, over the **past five years**, the indicator declined by 1.5 pp on average per year. With that trend, Bosnia and Herzegovina **will never reach** the EU average.
- **Regulatory quality** in the country reached **65.9% of the EU average** in 2023. This was an **increase of 0.4 pp** compared to the previous year.

- Between 2019 and 2023, the indicator rose by the average annual change rate of 0.20 pp. If this trend continues, Bosnia and Herzegovina would reach the EU average **in more than 100 years**.
- **Rule of law** in Bosnia and Herzegovina reached **60.5% of the EU average** in 2023.
- This represented a **decline of 1.6 pp** compared to the year before.
- Over the **past five years**, the indicator fell by 0.8 pp on average per year, indicating **divergence from the EU average**.
- **Control of corruption** reached **55.9% of the EU average** in 2023.
- This was an **increase of 3.3 pp** compared to the previous year.
- Over **the past five years**, the indicator rose on average by 0.1 pp.
- If this trend continues, Bosnia and Herzegovina would need **more than 100 years** to reach the EU average.

ENVIRONMENT

Pollution deaths

28.4% of EU average

+3.6 pp last year

Diverging from EU

Renewable energy

80.7% of EU average

-3.1 pp last year

Diverging from EU

Energy intensity

25.7% of EU average

+0.6 pp last year

100+ years to EU

Carbon intensity

16.6% of EU average

-0.6 pp last year

Diverging from EU

Waste recovery

30.9% of EU average

+6.9 pp last year

Diverging from EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, Bosnia and Herzegovina reached **36.4% of the EU average** in the **environmental pillar overall**.
- This represented a **decline of 0.6 pp** compared to 2023.
- Over the long term, the country continues to **diverge from the EU** in nearly all environmental indicators.
- **Premature deaths due to PM2.5 pollution** in Bosnia and Herzegovina were **much higher than the EU average** in 2022.
- Although there was some improvement compared to the year before, **over five years**, the indicator is **worsening**. If this trend continues, Bosnia and Herzegovina **will never reach the EU average**.
- **Renewable energy** in Bosnia and Herzegovina reached **80.7% of the EU average** in 2024.
- This marked a **decline of 3.1 pp** compared to the year before.
- The average annual change during the **five-year period** was -3.8 pp. Because the five-year trajectory is negative, Bosnia and Herzegovina **will not reach the EU average** under current conditions.
- **Energy intensity** reached **25.7% of the EU average** in 2022, improving by 0.6 pp compared to the previous year.
- **Over the five-year period**, the indicator increased, on average, by 0.1 pp per year. With that pace, the country will need more than 100 years to reach the EU average.
- **Carbon intensity** was **much higher** than the EU average in 2023 and has been **worsening**, both relative to the previous year and over the past five years.
- If this trend continues, Bosnia and Herzegovina will **never reach the average EU level**.

- **Recovered waste** reached **30.9% of the EU average** in the latest year, **increasing by 6.9 pp** compared to the year before.
- Over five years, it declined, on average, by 0.2 pp. This indicates **a diverging trend**.

DIGITALISATION

HH with internet

89.4% of EU average

+1.8 pp last year

6 years to EU

e-government

38.5% of EU average

-3.5 pp last year

62 years to EU

Firms with websites

84.7% of EU average

+2.2 pp last year

100+ years to EU

ICT exports

34.0% of EU average

+0.1 pp last year

100+ years to EU

ICT value added

105.2% of EU average

+2.4 pp last year

Converged

ICT employment

78.4% of EU average

-2.7 pp last year

10 years to EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, Bosnia and Herzegovina reached **70.8% of the EU average in digitalisation**.
- This represented a **decline of 0.4 pp** compared to 2023.
- Despite short-term fluctuations, Bosnia and Herzegovina **continues to converge** with the EU in all digital indicators, making this one of the country's strongest-performing pillars.
- In 2024, the **number of households with internet access** amounted to 89.4% of the EU average.
- This represented an **increase of 1.8 pp** compared to the previous year, which is also the average five-year period change.
- If this growth rate continues, Bosnia and Herzegovina could **reach the EU average within approximately six years**.
- Bosnia and Herzegovina reached **38.5% of the EU average** in the **use of e-government services** in 2024.
- This represented a **decline of 3.5 pp** compared to the previous year.
- **Over the five-year period**, the indicator rose by the average rate of one pp. If this trend continues, the country would reach the EU average in **approximately 62 years**.
- In 2023, Bosnia and Herzegovina reached **84.7% of the EU average in enterprises with websites**.
- This represented a **decline of 2.2 pp** compared to the previous year with available data (2021).
- Over the **five-year period**, the indicator on average increased by 0.1 pp. The results indicate that if the current trend continue, the country will take **more than 100 years** to reach the EU average.
- In 2024, Bosnia and Herzegovina's **ICT service exports** reached **34%** of the EU average.

- This represented **an increase of 0.1 pp** compared to the previous year.
- The average annual rate of change **over the last five years** was 0.6 pp. This suggests that, at the current pace, the gap in ICT service exports between Bosnia and Herzegovina and the EU would close in **more than 100 years**.
- In 2023, Bosnia and Herzegovina's **ICT value added** reached **105.2% of the EU average, surpassing the EU average**.
- In 2024, **employment in ICT** in Bosnia and Herzegovina reached **78.4% of the EU average**, marking a decline of 2.7 pp compared to the previous year.
- **Over the five-year period**, ICT employment rose by an average annual change of 2.2 pp.
- The results indicate a strong overall convergence trend, and Bosnia and Herzegovina **could reach the EU average within around 10 years** if current dynamics continue.

INFRASTRUCTURE

Motorways

21.6% of EU average

+2.0 pp last year

100+ years to EU

Roads

11% of EU average

+0.4 pp last year

Diverging from EU

Railway tracks

32.3% of EU average

+0.9 pp last year

100+ years to EU

Airports

26.6% of EU average

-0.1 pp last year

Diverging from EU

Electricity

23.6% of EU average

-0.7 pp last year

Diverging from EU

Number of years to EU is calculated by comparing the current level with the pace of progress over the past five years.

- In 2024, Bosnia and Herzegovina reached **23.0% of the EU average in infrastructure development**.
- This represented a **decline of 0.1 pp** compared to the previous year.
- With the pace from the past five years, the country would need **more than 100 years to reach the EU average** in infrastructure quality.
- **Motorway length** in Bosnia and Herzegovina in 2023 was at **21.6% of the EU average**.
- Compared to the previous year, the value **increased by 2.0 pp**, while the average change of the five-year period was **0.7 pp per year**.
- At the current pace, Bosnia and Herzegovina would need **more than 100 years to reach the EU average** in motorway development.
- **Total road length** in Bosnia and Herzegovina in 2023 was only **11% of the EU average**.
- There was a small **increase of 0.4 pp** compared to the previous year.
- However, the indicator **declined by 0.4 pp over the five-year period**, meaning that Bosnia and Herzegovina **will never reach the EU average** if current dynamics persist.
- In 2023, Bosnia and Herzegovina's **railway network** stood at **32.3% of the EU average**, marking a **slight gain of 0.9 pp** compared to the previous year.
- **Over the past five years**, the indicator **increased**, on average, by only 0.2 pp.
- If the current trend continues, the country would need **more than 100 years** to reach the EU average.

- In 2023, Bosnia and Herzegovina stood at 26.6% of the EU average in the **number of airports**, which was a decline of 0.1 pp compared to the previous year.
- The value has declined somewhat over the five-year period, with an **average annual change of -0.1 pp**, suggesting divergence.
- With no measurable progress over time, the indicator **will not reach the EU average** if current conditions persist.
- Regarding **electricity installed capacities**, Bosnia and Herzegovina reached **23.6% of the EU average** in 2024, marking a **decline of 0.7 pp** compared to the previous year.
- **Over the past five years**, the indicator fell by, on average, 0.6 pp.
- As the current trend indicates **divergence**, the country will not reach the EU average if these dynamics continue.

WHAT EXPLAINS THESE TRENDS?

ECONOMIC PILLAR

- The economic pillar declined in 2024 as GDP per capita and productivity fell further behind the EU average.
- Deep institutional inefficiencies (e.g. fragmented governance, corruption, and elite capture) remain a core obstacle to convergence, consistent with findings that Bosnia and Herzegovina lacks the institutional maturity required for effective economic reform.¹⁰
- Bosnia and Herzegovina's GDP per capita remains very low compared to the EU average, and instead of converging, it has recently diverged, reflecting weak growth dynamics.
- Productivity and competitiveness remain low because the economy relies heavily on low-value-added sectors, obsolete industrial technologies, weakly protected property rights and underperforming market institutions – all of which hinder firms' ability to upgrade, innovate and compete effectively.¹¹
- Wages were improving in 2024, but this trend was driven largely by emigration-related labour shortages rather than productivity gains, which risks undermining long-term competitiveness.¹²
- Household consumption is sustained mainly by pension increases and remittances, which support spending but do not strengthen productive capacity, reinforcing a consumption-driven model rather than productivity-led growth.¹³

¹⁰ Šiljak, D. & Nielsen, K. L. (2023). Institutions and integration (im)maturity: The case of Bosnia and Herzegovina. *Society and Economy*, 45(2), 136–155.

¹¹ Nielsen, K. L. & Šiljak, D. (2025). Integration maturity of Georgia, Moldova, and Ukraine: Has DCFTA helped prepare them for the EU accession process? *East European Politics and Societies*, 39(1), 208–234.

¹² World Bank (2024). *International mobility as a development strategy: Bosnia and Herzegovina Country Report*. Washington, D.C.: World Bank Group.

<https://documents1.worldbank.org/curated/en/099062524135521479/pdf/P18132015d007e0a19e711d8853a43f168.pdf>

¹³ Ibid.

SOCIAL PILLAR

- Bosnia and Herzegovina recorded moderate improvement in the social pillar in 2024 relative to the EU average.
- Employment continued to increase, while unemployment declined.
- Unemployment declined not only because new jobs were created, but also because people migrated, mostly to other EU countries. The Fund for Peace Human Flight and Brain Drain index shows that Bosnia and Herzegovina has the fourth-highest index value in Europe.¹⁴
- As a result, employers across Bosnia and Herzegovina increasingly report that they cannot find enough workers to fill open positions.¹⁵
- Poverty and inequality declined slightly, supported by remittances and rising minimum wages.
- On the other hand, the gender employment gap widened somewhat in the absence of major gender affirmative policies.
- However, women not only participate in the labour force at much lower rates than men, but those who do work are also far more likely to be in vulnerable employment with little security or protection.¹⁶
- Overall, social performance improved modestly, reflecting gradual labour-market recovery and sustained external income support.

¹⁴ The Fund for Peace (n.d.). *E3: Human flight and brain drain*. Fragile States Index. <https://fragilestatesindex.org/indicators/e3/>

¹⁵ World Bank (2024).

¹⁶ World Bank. (n.d.). *Gender data – Bosnia and Herzegovina*. World Bank Gender Data Portal. <https://genderdata.worldbank.org/en/economies/bosnia-and-herzegovina>

HEALTH PILLAR

- The health pillar improved in 2024, with some diverging trends among individual indicators.
- Public health spending declined relative to the EU average in 2024.
- Life expectancy, on the other hand, improved slightly, getting closer to the EU average.
- Infant mortality improved significantly, mainly because mothers have better access to health care and trained medical staff attend more births.¹⁷
- Hospital capacity increased, driven by investments in facilities, equipment and the growth of private hospitals.
- The number of physicians decreased slightly as new graduates entered the system, but the emigration of experienced medical staff to the EU continued.
- Overall, the health system showed gradual improvement in outcomes but remained under pressure from limited financing and workforce shortages.

EDUCATION PILLAR

- Education spending increased modestly, reflecting steady fiscal support but limited efficiency gains.
- PISA results are available for only one year and show performance below the EU average, underscoring persistent quality gaps.
- Tertiary enrolment continued to rise, supported by expanded access and the growing number of higher education institutions, even as tertiary attainment saw a slight decline.

¹⁷ UNICEF Bosnia and Herzegovina.(n.d.). *Situation analysis of children in Bosnia and Herzegovina*. www.unicef.org/bih/media/4971/file/Situation

- Tertiary activity slightly exceeded the EU average, reflecting strong interest in higher education, particularly in a landscape shaped by the rapid expansion of private (though not always accredited) universities.
- However, many university graduates are employed in positions that do not require a higher education degree (e.g. working in retail or similar sectors).
- The NEET (not in education, employment or training) rate in Bosnia and Herzegovina has decreased, narrowing the gap with the EU average. The Youth Guarantee, which is the only state-level employment policy currently being developed, aims to support this trend by improving the transition of young people from education to work, but the policy is not fully operational yet.¹⁸
- Overall, education outcomes improved in attainment but remained constrained by quality issues, weak coordination and demographic decline.

GOVERNANCE PILLAR

- Governance performance improved somewhat in 2024 relative to the EU average.
- Political stability in Bosnia and Herzegovina improved relative to the EU average, making it the best-performing indicator within the governance pillar. However, given that the indicator itself showed only marginal movement, the relative gains primarily reflect a decline in political stability across the EU rather than a substantive improvement domestically in Bosnia and Herzegovina.
- Voice and accountability continued to weaken, reflecting a more constrained environment for civic participation and independent scrutiny. Assessments point to deteriorating media freedom, as restrictive legislation and hostile rhetoric from senior Republika Srpska officials have contributed to growing pressure on journalists and public

¹⁸ European Training Foundation (n.d.). *Bosnia and Herzegovina – where we work*. www.etf.europa.eu/en/where-we-work/countries/bosnia-and-herzegovina

discourse.¹⁹ Independent monitoring shows Bosnia and Herzegovina's media environment under significant pressure, with ongoing threats to press freedom.²⁰

- Government effectiveness showed only limited improvement, as administrative capacity and coordination challenges continued to constrain policy implementation. While some processes moved forward with the formation of new governments, persistent institutional fragmentation and uneven reform commitment across entities hindered more substantive progress.
- Regulatory quality improved only marginally, reflecting a persistent gap between solid legal frameworks and their uneven implementation across entities. The European Commission also noted that, despite Bosnia and Herzegovina's stated commitment to EU integration, the reform dynamic stalled during the reporting period, with only a few EU-aligned measures (e.g. the laws on border control, data protection and the Frontex status agreement) being adopted.²¹
- Rule of law declined relative to the EU average, reflecting persistent shortcomings in judicial independence, integrity and accountability, which continue to undermine trust in core institutions. The European Commission similarly reports no substantial progress on long-standing judicial reforms, noting that the poor functioning of the judiciary and the lack of effective implementation of expert recommendations continue to hinder the overall rule-of-law environment.²²
- Control of corruption improved relative to the EU average, but progress in Bosnia and Herzegovina itself was modest. The European Commission notes only limited steps, such as integrity plans in some institutions and a few investigations.²³ These small actions cannot

¹⁹ European Commission (2025). *Bosnia and Herzegovina 2025 Report*. Brussels: European Commission, Directorate-General for Neighbourhood and Enlargement Negotiations.
https://enlargement.ec.europa.eu/document/download/5d8fc547-f8f8-456f-84e3-b38998acfafd_en?filename=bosnia-and-herzegovina-report-2025.pdf

²⁰ Media Freedom Rapid Response (MFRR) (2024). *Bosnia and Herzegovina: Media freedom in survival mode*.
www.mfrr.eu/wp-content/uploads/2024/01/bosnia-and-herzegovina-media-freedom-in-survival-mode-1.pdf

²¹ European Commission (2025).

²² Ibid.

²³ Ibid.

explain the large relative gain, which mainly reflects a decline in the EU average.

- Overall, governance remained one of the weaker pillars, constrained by institutional inefficiency and fragmentation that limit sustained progress.

ENVIRONMENT PILLAR

- Premature deaths from air pollution declined slightly overall, though the indicator remains far from EU standards. Sarajevo continues to rank among the world's most polluted cities each winter, reflecting the lack of investment in filters, clean heating and air-purification systems as well as the heavy use of cars.
- Renewable energy production fell, as Bosnia and Herzegovina remains heavily dependent on coal and slow to develop new green-energy projects.
- Energy and carbon intensity mostly remained stagnant and far from EU levels, indicating that decarbonisation is not advancing and that Bosnia and Herzegovina is moving further away from the structural changes needed to align with EU standards.
- Waste recovery increased but stayed far from EU levels and needs a continued improvement over a longer period of time to start closing the gap with EU meaningfully.
- Overall, environmental performance remains weak, constrained by limited investment, outdated energy systems and fragmented governance – all of which slow the green transition.

DIGITALISATION PILLAR

- Internet access continued to improve, with nearly nine in 10 households online. If trends continue as during the past several years, Bosnia and Herzegovina will reach the EU average within a decade,

- The use of e-government services remained low and even declined, showing slow administrative digitalisation and uneven adoption across entities.
- Although ICT value added and employment have expanded strongly, ICT service exports remain comparatively low, indicating a predominantly domestic orientation. This is not inherently detrimental for a transition economy like Bosnia and Herzegovina as long-term growth depends more on strengthening high-value goods production and export capacity, particularly given that services already make up a substantial share of GDP.²⁴
- The share of enterprises with websites improved in the most recent year and is already relatively close to the EU average, yet progress has largely stagnated over the past five years. This reflects broader digitalisation challenges among small and medium-sized enterprises (SMEs), including limited digital skills, low investment capacity, reliance on externally funded support programmes and uneven legal frameworks for e-commerce – all of which slow the uptake of both basic and advanced digital tools.²⁵
- Overall, digitalisation advanced steadily in the private sector but remained constrained by slow public-sector reforms and institutional fragmentation.

INFRASTRUCTURE PILLAR

- Motorway construction advanced slowly, supported by donor and EU-funded projects, though frequent delays and cost overruns limited faster progress.
- Road infrastructure showed little change, reflecting long project-preparation phases and chronic underinvestment.

²⁴ Nielsen, K. L. & Šiljak, D. (2025). Integration maturity of Georgia, Moldova, and Ukraine: Has DCFTA helped prepare them for the EU accession process? *East European Politics and Societies*, 39(1), 208–234.

²⁵ EU4DigitalSME. SME Digitalisation in Bosnia and Herzegovina. One-pager. April 2023. https://eu4digitalsme.ba/wp-content/uploads/2023/04/7-SME-Digitalisation-in-Bosnia-and-Herzegovina_One-pager.pdf

- Geography remains a key obstacle, as new motorways require tunnels and bridges through mountainous terrain, increasing costs and timelines.
- The railway network expanded slightly, but outdated infrastructure and weak management kept performance well below the EU average.
- Airport capacity remained stable, reflecting realistic needs for a small country with limited air traffic.
- Installed electricity capacity declined marginally, as investments focused on maintenance rather than new or renewable projects.
- Overall, infrastructure development progressed slowly, hindered by complex procedures, low public investment, institutional inefficiency and the country's challenging geography.

SCENARIOS

To better understand how different EU integration pathways might influence Bosnia and Herzegovina's convergence, we consider four scenarios as defined in the converge2eu model:

- **Full EU Membership** – immediate accession with all rights and obligations.
- **Access to EU Budget** – receiving EU budget transfers (e.g. structural and cohesion funds) as if a member, but without formal membership.
- **Access to EU Single Market** – full inclusion in the EU single market (four freedoms) without other membership benefits or transfers.
- **Institutional Reforms** – implementing deep EU-related reforms domestically (e.g. regarding rule of law, governance) without membership or new external resources.

These scenarios are informed by the post-accession trajectories of **comparators (e.g. Bulgaria, Croatia and Romania)**, whose experiences provide empirical benchmarks. The modelling uses a structural equations model (SEM) approach, examining key transmission channels (e.g. EU budget inflows, increased EU exports and institutional improvements) as well as their effect on growth and other societal outcomes.

The analysis is conducted in a panel setting covering the period from the late 1990s to 2023. It includes the three newest EU member states as benchmarks, alongside the six Western Balkan (WB6) economies. One indicator from each of the **eight convergence pillars** is included:

- **Economy:** GDP per capita at purchasing power standard (PPS)
- **Social:** income share of the bottom 20%
- **Health:** life expectancy
- **Education:** tertiary enrolment
- **Institutions:** control of corruption
- **Environment:** energy intensity of the economy
- **Digitalisation:** ICT exports
- **Infrastructure:** road density

GDP per capita

Status quo:	100+ years to EU
Full EU accession:	88 years to EU
Access to EU budget:	100+ years to EU
EU single market:	100+ years to EU
Institutional reforms:	100+ years to EU

Poverty

Status quo:	Divergence
Full EU accession:	96 years to EU
Access to EU budget:	96 years to EU
EU single market:	Divergence
Institutional reforms:	Divergence

Life expectancy

Status quo:	Divergence
Full EU accession:	Divergence
Access to EU budget:	Divergence
EU single market:	Divergence
Institutional reforms:	Divergence

Tertiary enrolment

Status quo:	Divergence
Full EU accession:	Divergence
Access to EU budget:	Divergence
EU single market:	Divergence
Institutional reforms:	Divergence

Corruption control

Status quo:	100+ years to EU
Full EU accession:	100+ years to EU
Access to EU budget:	100+ years to EU
EU single market:	100+ years to EU
Institutional reforms:	100+ years to EU

Energy intensity

Status quo:	100+ years to EU
Full EU accession:	43 years to EU
Access to EU budget:	74 years to EU
EU single market:	100+ years to EU
Institutional reforms:	100+ years to EU

ICT exports

Status quo:	100+ years to EU
Full EU accession:	25 years to EU
Access to EU budget:	27 years to EU
EU single market:	27 years to EU
Institutional reforms:	88 years to EU

Roads

Status quo:	Divergence
Full EU accession:	Divergence
Access to EU budget:	Divergence
EU single market:	Divergence
Institutional reforms:	Divergence

MAIN POINTS ABOUT THE SCENARIOS

- **Full EU accession** yields the fastest convergence of all the scenarios across most of the indicators.
 - For example, ICT exports reach the EU average in 25 years, while energy intensity in 43 years, compared to 100+ years and never under the baseline (i.e. the status quo scenario).
 - GDP per capita and poverty also improve under full EU accession, though to a lesser extent; the convergence times shortens to 88 and 96 years, respectively, compared to 100+ or never under the baseline.
 - This scenario combines single market access, EU budget support and institutional transformation – producing the strongest overall results.
 - However, the remaining four indicators (i.e. life expectancy, tertiary enrolment, corruption control and road density) have no change in the full EU accession scenario vis-à-vis the baseline, reflecting the weak sensitivity of the remaining four areas to economic growth and EU accession as well as pointing to deep structural issues that would not disappear with EU membership, but must be tackled with structural reforms.
- **Access to the EU budget** is the second-most-effective path.
 - It improves convergence for three of the indicators – poverty in 96 years, ICT exports in 27 years, energy intensity in 74 years – due to fiscal transfers and investment inflows.
 - However, the other five indicators show no improvement with access to the EU budget, again pointing to deep structural issues in the country in these areas.
- **Access to the single market** leads to moderate gains.
 - ICT exports improve due to the opening up of the EU market, with the convergence time shortening to 27 years.
 - But the remaining seven indicators show no improvement at all, again pointing to the deep-rooted problems in the country that prevent progress.
- **Institutional reforms** alone lead to very minor improvements.

- This suggests that institutional quality is necessary but not sufficient without economic integration and investment.
- **Structural divergence** persists in education, health and infrastructure.
 - Even with EU accession, these indicators change very little.
- **Digitalisation** responds fastest to integration.
 - ICT exports show rapid convergence (25-27 years under integration scenarios).
 - All this suggests that, **while EU integration improves convergence, it is by no means a panacea** and will not solve the country's problems overnight on its own. The country remains burdened by deep-rooted structural issues, often related to institutions and governance, and it lacks the 'integration maturity' needed for accession to translate into tangible economic and societal gains.²⁶ Efforts to accelerate EU accession should therefore go hand in hand with structural reforms aimed at addressing these underlying weaknesses.

²⁶ Nielsen, K. L. & Šiljak, D. (2025). Integration maturity of Georgia, Moldova, and Ukraine: Has DCFTA helped prepare them for the EU Accession process? *East European Politics and Societies*, 39(1), 208–234.

POLICY DISCUSSION

1. General policy discussion

Bosnia and Herzegovina's convergence toward the EU is progressing, but at an uneven and generally slow pace. While some areas (e.g. education, digitalisation and basic health indicators) show meaningful long-term improvement, persistent weaknesses in governance, infrastructure, the environment and social outcomes continue to limit overall progress. Many of these challenges stem from structural constraints that cut across all sectors, including weak institutions, fragmented policy making, underinvestment and demographic pressures.

Governance remains the single most significant barrier to convergence. Fragmented authority, weak coordination and insufficient control of corruption slow reform implementation and reduce the effectiveness of public spending. Demographic decline, high emigration – particularly of skilled workers – and a large informal economy further weaken labour-market performance and the fiscal base. Public expenditure in areas like education and health is relatively high but often inefficient due to limited strategic planning and poor administrative capacity. Infrastructure gaps and environmental underperformance reflect long-term underinvestment and policy inertia.

The country's overall trajectory shows that progress will require reforms that cut across all policy pillars. These include: rule-of-law and institutional strengthening to improve policy implementation, reduce corruption and create a predictable investment climate; public administration and fiscal reform; digital transformation as an enabler of administrative efficiency, transparency and economic competitiveness; green transition and environmental compliance to reduce energy intensity, expand renewable capacity and align with EU climate standards; and labour-market and social policy coherence, addressing skills mismatches, informality, youth unemployment, gender gaps and pension adequacy.

Results from the converge2eu scenario modelling highlight that Bosnia and Herzegovina's long-term development path depends heavily on policy choices. Institutional reforms only have limited impact on convergence. Access to the EU single market improves performance in ICT exports. Access to the EU budget facilitates progress in green transition and digitalisation. Full EU membership delivers the strongest acceleration across selected indicators by combining institutional reforms, market integration and financial support.

2. Policy discussion by areas

ECONOMIC PILLAR

Key Findings: Economic performance is driven by GDP per capita, at 33% of the EU average, which needs to be interpreted in the context of the sizeable informal economy, which accounts for up to a third of GDP.²⁷

Policy Context and Reform Developments: Differences between economic indicators show the areas most in need of policy action. For example, worker productivity (i.e. output per worker; at 44% of the EU average) and average wage (at 36%) indicate that there is space for further adjustment of worker remuneration.²⁸ However, improvements in the minimum and average wage over the past five years, in parallel with a decline in output per worker, underline that there also need to be measures to improve productivity. This points to the need for industrial and innovation policies as well as a move towards higher value-added activities and more productive sectors, which is the only way to raise wages and boost productivity at the same time.

Average pensions – at only 15% EU average and with a diverging trend – show the ultimate consequences of Bosnia and Herzegovina's inability to implement comprehensive pension-system reform. An additional factor is the excessive degree of informality, as unreported or under-reported wages later result in lower pensions and other employment benefits. On the other hand, outdated pension systems are already putting significant pressure on public finances and current employment via the high tax wedge on labour. In response, governments have been resorting to one-off payments for pensioners in addition to the prescribed formula for regular pension adjustments.²⁹

EU Conditionality and Regional Frameworks: The recently adopted Reform Agenda,³⁰ linked to Growth Plan funding for reforms, should be implemented

²⁷Efendic, N., Pasovic, E. & Efendic, A. (2018)- Understanding the informal economy in practice: Evidence from Bosnia and Herzegovina. *e-Finance: Financial Internet Quarterly*, 14(4), 77–89.

²⁸ The 2025 changes to the minimum wage and social contributions will only be reflected in the data analysis in the following years.

²⁹ According to the Law on Pensions and Disability Insurance, the regular adjustment of pensions is based on indicators of GDP growth and the consumer price index published by the Federal Institute of Statistics. The Law on Pensions and Disability Insurance of the Republic of Srpska provides that pensions are regularly adjusted every January, based on the principle of 50% of the average salary in the previous year and 50% of the increase in retail prices. These data are obtained from the Republic Institute of Statistics.

³⁰ Reform and Growth Facility for the Western Balkans: Reform Agenda of Bosnia and Herzegovina. (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401449)

in close alignment with the Economic Reform Programme (ERP)³¹ and the Stabilisation and Association Agreement between the European Communities and Bosnia and Herzegovina. Measures in the economic area should be consistent with the priorities set out in these frameworks, which already flag many of the country's central challenges (e.g. weaknesses in governance and public administration, low productivity, limited investment in human development, labour-market and skills mismatches, and gaps in infrastructure).

Scenario Insights: The simulations of scenarios for the GDP per capita show that full EU membership would result in shortening the time for Bosnia and Herzegovina to reach the EU level of GDP per capita in 88 years, while access to the EU budget on its own would result in convergence in 100+ years. The scenarios assuming full access to the EU market and the institutional reforms would also significantly speed up the progress to an EU-level standard of living.

Policy Assessment and Reform Recommendations: Policies tackling the informal economy should be the priority of national decision makers and development partners. Such policies should entail fiscal reform, including a shift to taxation of capital instead of labour and additional gradual reductions in social contributions. Other policies required here include enhancements to social-protection measures, fostering of technical and vocational skills, and increased financing (especially micro-financing).³²

Furthermore, the incremental changes to the pension system are not a substitute for tackling systematic issues. The authorities need to develop a voluntary pension system, reduce the stock of pension contribution arrears, revise early-retirement regulations, and strengthen the disability-assessment system.³³

At the same time, reforms must be complemented by measures to raise productivity. This points to the need for a more active industrial and innovation policy agenda that supports a shift towards higher value-added activities and

³¹ Economic Reform Program (ERP) of Bosnia and Herzegovina 2025-2027 (www.dep.gov.ba/naslovna/ENG_ERP%20BiH%202025-2027_25032025.pdf).

³² European Union (n.d.). Capacity4dev: 4.3 Main sectoral approaches of policies designed to tackle the informal economy (https://capacity4dev.europa.eu/groups/rnsf-mit/info/43-main-sectoral-approaches-policies-designed-tackle-informal-economy_en)

³³ E.g. World Bank Group (2020). Bosnia and Herzegovina: Pension Policy Challenges in 2020. (<https://documents1.worldbank.org/curated/en/292981593571282850/pdf/Bosnia-and-Herzegovina-Pension-Policy-Challenges-in-2020.pdf>)

more productive sectors – which is the only sustainable way to raise wages while improving productivity at the same time.

SOCIAL PILLAR

Key Findings: Social policy weaknesses are reflected in the performance in social well-being. The overall unemployment rate (13%) remains significantly above the EU average, standing at 47% of the EU benchmark. A particularly concerning feature of the labour market is the persistently high share of long-term unemployment, which reached 73.2% in 2024.

Youth unemployment remains an acute concern. The unemployment rate among young people aged 15-24 increased from an average of 29.9% in 2023 to 34.6% in the first half of 2024, highlighting the vulnerability of young workers and the lack of effective school-to-work transition mechanisms.

With an overall employment rate of 54%, Bosnia and Herzegovina is on a trajectory that would allow it to reach the current EU average in approximately 14 years, assuming steady improvements. However, the structure of employment presents significant challenges: roughly one-third of all workers are employed in public administration, health, education or publicly owned enterprises, sectors that offer stability but generate limited productivity growth.

The gender employment gap is the largest relative to the EU average, standing at 36% according to our way of measuring, which indicates that it is much higher than the EU average and displaying a worsening trend.

Policy Context and Reform Developments: The state of the social sector reflects deep-seated structural challenges, including pronounced skills mismatches, limited job creation in dynamic sectors, and historically high labour taxation (i.e. social security contributions). The recent reduction in the tax wedge may help to alleviate some of these pressures, but its impact on employment is likely to become visible only over time.

Undeclared work continues to play a substantial role in the economy, providing income and employment for many but simultaneously distorting competition, weakening labour protections and eroding the tax base. This duality complicates efforts to strengthen formal employment and improve fiscal sustainability.

EU Conditionality and Regional Frameworks: Bosnia and Herzegovina's social policy and employment reforms are guided by EU conditionality under the **Stabilisation and Association Agreement (SAA)** and **Chapter 19 (Social Policy and Employment) of the acquis**, which requires progressive alignment with the EU labour law, working conditions, social dialogue, health and safety at work, non-discrimination and equal opportunities.

Within the **Economic Reform Programme (ERP)**, social policy and employment are treated as horizontal priorities, closely linked to competitiveness, fiscal sustainability and social cohesion. ERP priorities for Bosnia and Herzegovina consistently focus on: increasing labour-market participation (especially among women, youth and older workers); addressing skills mismatches through education and training reforms; reducing labour-market informality; strengthening social inclusion and poverty-reduction mechanisms; improving the sustainability of pension and health systems; and advancing gender equality in the labour market.

Scenario Insights: The poverty measure used here (i.e. the share of income of the bottom 20% of the population) stands at 53% of the EU average, with the gap widening in recent years. Modelling suggests that, under a full EU membership scenario, Bosnia and Herzegovina would need approximately 96 years to close the poverty gap. With access to the EU budget, the estimated timeline remains unchanged, while other scenarios do not produce any meaningful impact on poverty reduction. As mentioned in the previous section, low pension levels contribute to particularly elevated poverty risks among the elderly population.

Policy Assessment and Reform Recommendations: Plans to introduce the EU Youth Guarantee – an important framework for supporting young people's entry into the labour market – have been repeatedly delayed, further limiting progress in this area. Addressing high youth and structural unemployment in Bosnia and Herzegovina requires coordinated action across governance levels, as current fragmentation continues to hinder effective policy implementation.

The divergence in terms of the gender employment gap reflects the influence of traditional social norms, persistent structural barriers to women's labour-market participation (including poor child care and elderly care facilities as well as inefficient measures for paternal leave), and the overrepresentation of women in informal or precarious forms of work. Increased access to early

childhood education is one of the measures that would enable more women (mothers) to stay in or enter the labour market.

HEALTH

Key Findings: Health outcomes in Bosnia and Herzegovina are relatively strong compared with EU standards, yet the pace of convergence remains very slow, with current trends suggesting that the country would only reach the EU average in approximately 89 years. Life expectancy stands at 78 years, or around 97% of the EU average, but recent movements indicate divergence rather than further alignment.

Policy Context and Reform Developments: The condition of the healthcare sector is illustrated by a sharp imbalance between available resources. While the number of hospital beds is relatively close to EU levels (i.e. 79% of the EU average, with an estimated 10-year convergence horizon), the availability of medical doctors remains critically low, at 59% of the EU average, with much slower convergence.

EU Conditionality and Regional Frameworks: EU conditionality in the health sector for Bosnia and Herzegovina is driven by the Stabilisation and Association Process and gradual alignment with the EU acquis on public health, patient safety, pharmaceuticals, medical devices and preparedness for cross-border health threats. **EU4Health**, the largest EU health-funding instrument accessible to Bosnia and Herzegovina, aims to strengthen health systems, improve resilience and address long-term public health challenges. The country formally joined the programme in 2024, enabling Bosnian institutions and organisations to participate in funding calls on an equal footing with EU member states and associated countries.³⁴ Key aspects of EU4Health relevant for Bosnia and Herzegovina include: strengthening health system capacity and workforce preparedness; promoting disease prevention and early detection (notably, screening for cancer and non-communicable diseases); improving access to medicines and digital, data-driven healthcare solutions; and fostering cooperation and knowledge exchange with EU member states on public health surveillance and crisis response.

³⁴ Ministry of Civil Affairs of Bosnia and Herzegovina. <https://www.mcp.gov.ba/Content/Read/ceepus-pocetna>

Scenario Insights: At only 59% of the EU average, convergence in the number of physicians would require more than 100 years under current trends. This gap is largely driven by the continued emigration of healthcare professionals, particularly to EU member states.

Policy Assessment and Reform Recommendations: Given these structural pressures, policy makers urgently need to design and implement policies that counter the effect of emigration of essential medical staff and ensure that substantial public investments in health care and medical education yield the expected service improvements. Public health expenditure is already comparatively high, at 88% of the EU average. Possible measures include expanding medical education and training capacity (paired with stronger retention incentives and better working conditions) as well as targeted recruitment of physicians and nurses from abroad to address acute shortages in priority specialisations and underserved areas.

Another area that requires attention here is child mortality, which stands at 62% of the EU average according to our way of measuring. While outcomes have improved in recent years, progress could be accelerated. In this regard, the experience of nearby countries that have recently achieved tangible improvements (e.g. North Macedonia) could be particularly instructive.

EDUCATION

Key Findings: Overall, Bosnia and Herzegovina performs relatively well in education. The positive trajectory is partly driven by high public expenditure on education (amounting to around 4% of GDP), with convergence to EU spending levels expected within the next three years if current trends continue. Despite this substantial investment, corresponding improvements in educational outcomes remain limited. Another factor influencing the high convergence rate in education is the relatively large share of the labour force holding tertiary qualifications – an area in which Bosnia and Herzegovina has already reached EU levels. This pattern, however, suggests possible overqualification and a mismatch between educational attainment and labour-market needs, as university graduates are frequently employed in positions that do not require a higher education degree.

Policy Context and Reform Developments: The European Commission's Country Report attributes the modest results to weak coordination across the country's highly fragmented institutional landscape. The absence of harmonised education standards, coupled with pronounced differences in teacher training, curricula and performance evaluation systems, continues to undermine efforts to improve education quality, enhance labour-market relevance and support labour mobility. Particularly concerning is Bosnia and Herzegovina's withdrawal from the Programme for International Student Assessment (PISA), which eliminates an important evidence base for designing and monitoring education reforms. According to the most recent PISA results available, the country reached about 83% of the EU average.

EU Conditionality and Regional Frameworks: Chapter 26 of the EU acquis communautaire covers education and training as well as youth, culture, sport and audiovisual policy. It focuses on cooperation, quality improvement, lifelong learning, mobility, recognition of qualifications, and alignment with EU programmes (e.g. **Erasmus+** and **Horizon Europe**), rather than full legislative harmonisation, as education remains primarily a national competence.

Bosnia and Herzegovina is a full member of the **Bologna Process (European Higher Education Area, EHEA)**, participating in regional and European cooperation on higher education reform, degree comparability, quality assurance, recognition of qualifications, and student mobility.

Through the Regional Cooperation Council (RCC), Bosnia and Herzegovina engages in regional cooperation on education quality, skills development, digital education and youth employability, including comparative monitoring and regional benchmarking.

Scenario Insights: Under current policies and investment, as well as in all scenarios of EU approximation, tertiary enrolment is diverging from the EU.

Policy Assessment and Reform Recommendations: Looking at the broader population, the share of adults with a university degree stands at 16%, or 48% of the EU average. At the current rate of progress, convergence with EU levels in this indicator would require approximately 27 years. These figures raise important questions about whether the education system is generating adequate returns on public investment, particularly in light of persistent

unemployment, underemployment, continued emigration of skilled workers, and employer-reported deficits in relevant knowledge and skills.

Moreover, enrolment in tertiary education remains low (at only 56% of the EU average) and exhibits a diverging trend, signalling weakening demand or capacity constraints in higher education and further underscoring the need for system-wide reforms. As a priority measure, aligning core curricula with labour-market needs and improving quality of primary, secondary and higher education emerges.³⁵ Priority actions in the coming period include finalising the **national qualifications framework** referenced to the European Qualifications Framework, implementing quality assurance reforms with the aim of joining the European Association for Quality Assurance (ENQA), and improving engagement in international learning assessments.³⁶

ENVIRONMENT

Key Findings: Bosnia and Herzegovina, much like the broader Western Balkans region, continues to diverge from the EU in key areas of environmental performance. The country records particularly weak results in carbon intensity (reaching only 17% of the EU average according to our way of measuring) as well as in energy intensity (26%) and premature mortality linked to PM2.5 pollution (28%). These outcomes are closely tied to the long-standing reliance on inexpensive fossil fuels, which has shaped both industrial structures and household consumption patterns.

Waste management presents an additional environmental challenge. Only 24% of generated waste is diverted from final disposal and directed towards reuse, recycling, composting or energy recovery – equivalent to just 31% of the EU average.

Policy Context and Reform Developments: Progress is further hampered by delays in fulfilling obligations under the Energy Community framework, including slowed adoption of the National Energy and Climate Plan (NECP), incomplete environmental legislation, and insufficient regulatory support for renewable energy deployment. These gaps hinder investment, weaken compliance, and slow the overall pace of decarbonisation.

³⁵ E.g. Reform and Growth Facility for the Western Balkans: Reform Agenda of Bosnia and Herzegovina (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401449)

³⁶ European Commission (2025). Bosnia and Herzegovina Report 2025 – Enlargement and Eastern Neighbourhood. https://enlargement.ec.europa.eu/bosnia-and-herzegovina-report-2025_en

EU Conditionality and Regional Frameworks: Reforms under this area should be in line with priority area 1 ‘Green and Digital Transition’ of the Reform Agenda, Chapter 27 (Environment and Climate Change) of the EU acquis, obligations under the Energy Community, and the Green Agenda for the Western Balkans. These frameworks already set out the main reform directions and highlight many of the country’s pressing issues – including weak enforcement of environmental standards, high pollution burdens, and slow progress on energy efficiency and renewables – as well as the need to modernise energy systems while protecting households and affected workers.

Scenario Insights: Under current trends, Bosnia and Herzegovina is not on course to converge with the EU in energy intensity. However, scenarios suggests that full EU membership could enable convergence in approximately 43 years, while access to the EU budget alone would extend the timeframe to about 74 years.

Policy Assessment and Reform Recommendations: The country remains the most energy-intensive economy in the region, consuming the highest amount of energy per unit of GDP. This reflects decades of overreliance on coal and artificially low energy prices, which led to underinvestment in the sector. These, in turn, have discouraged efficiency improvements and now pose a major barrier to the energy transition.

The OECD’s 2025 Economic Convergence Scoreboard for the Western Balkans³⁷ confirms that Bosnia and Herzegovina has experienced a widening gap with the EU in the ‘Greening’ cluster, placing it fourth in the region. The negative trend is primarily driven by declining decarbonisation performance, particularly the slow expansion of renewable power capacity. Some progress has been made in resource efficiency (e.g. improvements in water productivity and reductions in waste intensity), but these advances have not been sufficient to offset broader shortcomings in the environmental transition.

³⁷ OECD (2025), Economic Convergence Scoreboard for the Western Balkans 2025, OECD Publishing, Paris, <https://doi.org/10.1787/bc0babf3-en>.

GOVERNANCE

Key Findings: Weak institutional capacity, limited coordination within a highly fragmented administrative system, and persistent challenges in controlling corruption consistently emerge as cross-cutting constraints across policy areas in Bosnia and Herzegovina. It is therefore unsurprising that the country's overall governance performance stands at only 59.3% of the EU average and is on a diverging trajectory. Government effectiveness remains the weakest dimension, reaching just 44% of the EU average and continuing to move further away from EU standards. Equally concerning is the very slow progress in improving control of corruption. Recent trends reinforce these structural weaknesses.

Regulatory quality, although somewhat stronger, stands at only 66% of the EU average and is improving at a very slow pace. Limited progress in adopting and implementing modern regulatory frameworks further constrains economic competitiveness and undermines the predictability of the business environment.

Policy Context and Reform Developments: Transparency International's 2024 Corruption Perceptions Index³⁸ records a two-point decline from the previous year, alongside a fall of six places in the global ranking, to 114th out of 180 countries. This deterioration signals a growing perception of corruption and continued erosion of public trust.

EU Conditionality and Regional Frameworks: 'Fundamentals / Rule of Law' is one of the four key reform areas of the **EU's Growth Plan for the Western Balkans**, underlining its centrality for unlocking economic convergence, access to EU funding, and deeper integration into the EU single market. EU conditionality in the governance area for Bosnia and Herzegovina is anchored in the 'Fundamentals' first principle of the EU enlargement process, with a strong focus on the rule of law, democratic institutions, public administration reform and anti-corruption frameworks.

Regional frameworks and peer-learning mechanisms further support reforms aimed at strengthening judicial independence, improving governance quality, enhancing transparency and accountability, and ensuring effective policy

³⁸ Transparency International (2025). 2024 Corruption Perceptions Index (www.transparency.org/en/cpi/2024)

coordination across levels of government in Bosnia and Herzegovina. For example, **Regional School of Public Administration (ReSPA)**, a key capacity-building institution in the Western Balkans, is supporting senior and mid-level civil servants through regional training, leadership programmes and policy networks in governance and public management. The **OECD's Support for Improvement in Governance and Management (SIGMA)** programme provides valuable assessments, policy advice and regional benchmarks on public governance, public administration reform, public financial management and anti-corruption. The **Regional Cooperation Council (RCC)** coordinates regional cooperation on governance reforms, including public administration reform, digital governance, transparency and regional benchmarking across the Western Balkans.

Scenario Insights: At 56% of the EU average, corruption control in Bosnia and Herzegovina would require an estimated 100+ years to converge with the EU at the current pace. Even under more favourable scenarios – including full EU membership, access to the EU budget, or the implementation of institutional reforms – the convergence horizon remains extremely long. Access to the EU single market alone would have no effect on improving this indicator relative to the baseline.

Policy Assessment and Reform Recommendations: Governance shortcomings significantly hinder the country's ability to implement reforms, absorb investment and align with EU standards, thereby slowing progress across all other policy domains. Public administration reform should lead to increased government effectiveness, which can be achieved if merit principles and EU standards are introduced and implemented in the laws on the civil service, while corruption-control improvements require law enforcement, coordination and education measures.

DIGITALISATION

Key Findings: Bosnia and Herzegovina performs at a level broadly comparable to the EU average in the area of digitalisation, and under current policies and investment patterns, it is projected to reach full convergence in approximately 30 years. However, performance across individual indicators is uneven, with significant structural barriers slowing progress.

Policy Context and Reform Developments: The weakest dimension is the use of government e-services, which stands at only 38% of the EU average. Progress is hindered by weak coordination among institutions, limited cooperation across administrative levels, and inadequate data-exchange systems. A prominent example is the long-standing inability to harmonise electronic signature systems at the state level, which prevents the establishment of a unified digital identity framework. The absence of comprehensive legislation and state-level institutions aligned with EU digital standards further constrains the development of modern e-government services, as underscored in the European Commission's Country Report.

EU Conditionality and Regional Frameworks: EU conditionality in the area of digitalisation for Bosnia and Herzegovina is driven by alignment with the EU acquis related to the Digital Single Market, including electronic communications, digital public services, data protection, cybersecurity and interoperability. At the regional level, frameworks such as the **EU Growth Plan for the Western Balkans**, the **Common Regional Market** and initiatives under the **Digital Agenda for the Western Balkans** support reforms in broadband deployment, digital skills, e-government, e-identification and trust services, and cross-border digital interoperability.

As key objectives, priority area 1 (Green and Digital Transition) of the Reform Agenda includes the digitalisation of public services, wider use of e-government solutions (including e-identification and trust services), and improved digital skills to support innovation, productivity and labour-market inclusion.

Scenario Insights: The performance of ICT service exports remains considerably weak. Currently at just 34% of the EU average, convergence under the status quo would require 100+ years. Scenario modelling demonstrates the transformative impact of EU integration: full EU accession

would reduce the convergence period to 25 years, while gaining access to the EU budget or the EU single market would shorten it to around 27 years. Institutional reforms alone would have a more limited effect, reducing the timeframe to 88 years.

Policy Assessment and Reform Recommendations: The broader ICT sector shows strong potential. The ICT contribution to the economy already accounts for 6% of gross value added – thereby surpassing the EU average – and employment in the sector is expected to reach EU levels within a decade even without policy changes. This highlights ICT as one of the country's most dynamic and competitive sectors.

Overall, while Bosnia and Herzegovina performs well in digitalisation – particularly through a growing ICT sector – real progress will depend on resolving institutional fragmentation, strengthening digital governance and accelerating alignment with EU standards.

INFRASTRUCTURE

Key Findings: The infrastructure pillar, standing at 23% of EU average and improving at a very slow pace, is the weakest convergence area in Bosnia and Herzegovina (and the rest of the WB6).

Road density is particularly low, reaching just 11% of the EU average and currently diverging further.

The length of motorways stands at 22% of the EU average, while electricity installed capacity reaches 24%.

Railway infrastructure performs somewhat better, with track length equivalent to 32% of the EU benchmark, yet it remains far below the level needed to support efficient mobility and regional economic development.

Policy Context and Reform Developments: This underperformance reflects long-term underinvestment, institutional fragmentation and delays in the implementation of major transport projects.

EU Conditionality and Regional Frameworks: Progress under **Chapter 14 (Transport Policy)** of the *acquis* is closely linked to Bosnia and Herzegovina's participation in the **Transport Community** and alignment with the **Trans-European Transport Network (TEN-T)**. These frameworks support gradual

adoption of the EU transport acquis, promote regional market integration and guide reforms in road safety, intelligent transport systems and transport governance. Alignment with TEN-T priorities, including Corridor Vc, remains central to improving connectivity with the EU and advancing sustainable transport infrastructure, while effective implementation continues to be constrained by weak coordination and limited institutional capacity.

Scenario Insights: The scenario analysis indicates that convergence in road density would not be achievable under any configurations of EU integration, suggesting that the challenges lay beyond access to finance and governance. The country's geographical layout, for example, prevents easy expansion of transport network, but efforts should be made to maintain and build on the existing infrastructure. The number of airports is appropriate for the size of the market, but their capacities are not fully utilised.

Policy Assessment and Reform Recommendations: These findings closely mirror the results of the OECD Economic Convergence Scoreboard,³⁹ which highlights the critical need for investment in transport and infrastructure to support business expansion and market integration. The OECD further notes that the volume of goods transported per kilometre of railway in the Western Balkans is only 4.2% of the EU average, providing a stark illustration of the region's structural lag in rail-transport efficiency.

Overall, Bosnia and Herzegovina's infrastructure gap represents a significant constraint on economic competitiveness and regional integration. Without substantial and well-coordinated investment efforts, convergence with EU infrastructure standards will remain slow and continue to impede broader development prospects.

³⁹ OECD (2025), *Economic Convergence Scoreboard for the Western Balkans 2025*. OECD Publishing, Paris, <https://doi.org/10.1787/bc0babf3-en>.

3. Conclusions and Policy Recommendations

The convergence of Bosnia and Herzegovina towards the EU remains uneven across policy areas. Education, digitalisation and health care demonstrate the most consistent long-term progress, reflecting improvements in human capital and the gradual adoption of new technologies. By contrast, social well-being, institutional quality and environmental performance show a widening gap relative to the EU, underlining structural weaknesses that have yet to be addressed effectively. Infrastructure remains the most underdeveloped area, with very low convergence levels and limited progress over time.

Across most pillars, the period from 2019 to 2024 has been characterised by stagnation, largely driven by the pandemic and the slow pace of post-crisis recovery. Despite these short-term disruptions, the underlying long-term trends are positive in areas linked to human capital development and digital transformation. These areas offer important entry points for accelerating convergence, provided that structural reforms are pursued consistently.

Key Policy Recommendations

- Bosnia and Herzegovina should move towards a more strategic and coherent **industrial policy** to support economic development and structural transformation. This requires the identification of **priority sectors with high growth and value-added potential**, based on evidence and in close cooperation with academia, research institutions and the private sector. Targeted and transparent policy measures – including support for innovation, skills development, access to finance, and integration into regional and EU value chains – should be designed and implemented in line with EU state aid rules. Strengthening coordination across levels of government and improving implementation capacity will be essential to ensure that industrial policy effectively contributes to productivity growth, competitiveness and sustainable development.
- **Enhancing public spending efficiency.** The gap between high public investment and limited performance demonstrates the need for more effective planning and budgeting. Upcoming **implementation of**

programme-based budgeting at the state and entity level should lead to improved transparency and accountability as well as the alignment of spending with measurable outputs and outcomes. Similar approaches should be extended to lower levels of government to maximise the impact of public resources.

- **Addressing informality through comprehensive measures.** Tackling the large informal sector requires sustained and multifaceted action. Further reductions in the tax wedge on labour (accompanied by more progressive income taxation or higher taxation of capital), incentives for sole entrepreneurs and micro/small enterprises to formalise (e.g. temporary tax reliefs, reduction of administrative barriers, and free tax advisory support), and amendments to fiscalisation regulations would help to shift economic activity into the formal economy and broaden the tax base.
- **Reducing labour-market disparities and strengthening inclusion.** Targeted measures are needed to reduce the gender employment gap, tackle high youth and structural unemployment, and address persistent skills mismatches. At the same time, policies to improve social protection and the well-being of the older population must be prioritised, particularly in light of demographic change and low pension adequacy. The authorities should prioritise efforts to reduce poverty (e.g. adjustments in pensions and social benefits) as well as those tackling the burden of care work that falls on predominantly women (e.g. improving child and elderly care facilities).
- **Prioritising environmental protection.** Environmental policy should be placed higher on the government agenda at all levels. Chronic underinvestment, limited administrative capacity and fragmented regulation have resulted in the weakest convergence performance among all pillars. Environmental impact assessments should be systematically integrated into policy design and public spending decisions to ensure alignment with national and EU climate and environmental objectives.
- **Accelerating infrastructure development.** The country's severe infrastructure gap continues to constrain economic growth, connectivity and integration with regional and EU markets. Increased investment,

better project preparation and more effective coordination are essential to improve transport, energy and digital infrastructure.

- Improving and expanding **tertiary education**, particularly in **technical and medical fields**, is essential to address skills shortages, support economic transformation and strengthen human capital in Bosnia and Herzegovina. This requires increased investment in higher education capacity, modernisation of curricula in line with labour-market and health-system needs, and stronger links between universities, research institutions and employers. Particular attention should be given to science, technology, engineering and mathematics (STEM) disciplines and medical education, including clinical training and research infrastructure, to improve quality, relevance and graduate employability. Enhanced quality assurance, internationalisation and participation in EU programmes can further support the competitiveness and resilience of the tertiary education system.
- The **digitalisation of government services** remains a key reform priority for improving efficiency, transparency and accessibility of public administration in Bosnia and Herzegovina. Progress requires the development of interoperable e-government systems across all levels of government, wider use of digital public services, and the establishment of secure digital identity and trust services in line with EU standards. Strengthening legal and institutional frameworks for data protection, cybersecurity and interoperability, alongside investment in digital infrastructure and skills within the public sector, is essential. Effective coordination among institutions and consistent implementation will be critical to ensure that digitalisation contributes to better service delivery, reduced administrative burden for citizens and businesses, and alignment with the EU Digital Single Market.

All stakeholder groups can contribute to achieving these recommendations and improving the convergence pace in the policy areas discussed.

a. National Policy and Decision Makers

Most of the measures identified above fall within the remit of **national policy makers** and should therefore be duly considered when designing and

implementing their work programmes. A recent example of such a strategic framework is the **Reform Agenda**, which seeks to consolidate key reform priorities and translate them into coordinated policy actions.

The Reform Agenda constitutes a comprehensive package of 100+ measures that Bosnia and Herzegovina must implement by 2027 in order to access financing under the European Union's Growth Plan for the Western Balkans, defining a broad reform trajectory aimed at strengthening institutions, improving governance, and accelerating economic and social development in line with EU standards, including:

- **Strengthening the judiciary:** Enhancing the independence, integrity and overall effectiveness of the judicial system to ensure alignment with European norms and improve citizens' trust in the rule of law. In terms of rule of law, Bosnia and Herzegovina is currently at 61% of the EU average, with a widening gap.
- **Combating corruption:** Establishing and operationalising a robust legal and institutional framework to prevent, detect and prosecute corruption, including effective mechanisms for whistleblower protection. As discussed, control of corruption is currently at 56% of the EU average, the lowest in the Western Balkans.
- **Improving local administration and public services:** Modernising key sectors (e.g. education and energy), strengthening administrative capacity at all levels of government, and ensuring more efficient and citizen-oriented service delivery. Weak institutional capacities and coordination are recognised as the main cause of inefficiencies and low performance in multiple policy areas.
- **Enhancing economic connectivity:** Advancing priority investments in transport, digital and energy infrastructure (e.g. road networks and power systems) to foster economic growth and deepen the country's integration with EU markets. This segment of the Reform Agenda is aimed at the weakest performance areas in the analysed framework. Potential investments are expected to include high-impact initiatives, such as the completion of the Corridor Vc motorway and the

development of renewable energy capacities, which is in line with priorities identified in this report.⁴⁰

The Reform Agenda operates alongside, and should be coherent with, a broader ecosystem of international commitments – for example, the UN Sustainable Development Goals as well as programmes of the International Monetary Fund (IMF) and the World Bank (WB) – EU accession instruments, domestic strategies and regional frameworks. The main challenge remains **coordination, prioritisation and implementation** across multiple levels of government rather than the absence of strategic guidance.

b. EU Institutions and EU Member States

Our scenarios show that access to EU budget would, in many instances, have the same effect as the full membership. In this sense, the submission of the Reform Agenda to unlock the Growth Plan funds is a step in the right direction towards improving the quality of life in the country.

At the same time, the financing available under the Reform Agenda is limited and, on its own, is unlikely to be sufficient to drive truly meaningful progress. With full EU membership still appearing distant for Bosnia and Herzegovina, policy makers – both in the EU and in the country – should consider a more ambitious interim option: gradually integrating Bosnia and Herzegovina.

In addition to that, EU member states are important bilateral donors that support the EU path of Bosnia and Herzegovina. Their development programmes and aid should be designed to support the weakest areas of convergence with the EU identified in this report.

c. Regional and International Organisations

Bosnia and Herzegovina would benefit from **stronger regional cooperation** in improving convergence outcomes, particularly in the weakest areas of environment and infrastructure. The RCC is well placed to support reforms

⁴⁰ See Soreca, Luigi (2025). The adoption of the Reform Agenda is just the beginning. Let's work together to reach the finish line [Op-ed]. Delegation of the European Union to Bosnia and Herzegovina & European Union Special Representative in Bosnia and Herzegovina. 3 October. www.eeas.europa.eu/delegations/bosnia-and-herzegovina/adoption-reform-agenda-just-beginning-let%E2%80%99s-work-together-reach-finish-line_en?s=219

and strengthen regional policy coordination, particularly in the areas of competitiveness, human capital, digital transformation and green agenda.

Multilateral and international organisations – such as the IMF, the WB, the European Bank for Reconstruction and Development (EBRD), and the OECD – can all contribute to the convergence outcome within their mandate by **providing financial support and technical assistance to reforms in the analysed policy areas** as well as by supporting implementation of large (regional) infrastructure projects.

d. Civil Society Organisations and Think Tanks

Civil society in the Western Balkans is equipped to facilitate regional knowledge networks and **evidence-based dialogue** (e.g. regional forums and conferences) between Western Balkan countries and the EU on progress in the discussed policy areas and convergence outcomes. Monitoring of the recently submitted Reform Agenda in Bosnia and Herzegovina will be performed by a group of civil society organisations (CSOs), which is a chance to strengthen **independent monitoring and policy advocacy** to maintain reform momentum.

CSOs can play an important role in supporting policy implementation, both as independent actors and co-providers of public services. Their involvement is particularly relevant in the delivery of services, such as **care facilities, air-quality monitoring, environmental-awareness and outreach campaigns, and education and training programmes** targeting groups facing structural barriers to employment, including long-term unemployed persons, young people, women with caring responsibilities, older workers, persons with disabilities, and low-skilled workers. Strengthening cooperation between public authorities and CSOs can enhance service coverage, improve responsiveness to local needs, and contribute to more inclusive and effective policy outcomes. In addition, CSO activities will be more successful if they **establish networks** in common areas and work in clusters rather than independently to pool knowledge and skills in a way that will boost impact and visibility.

METHODOLOGICAL NOTE

What do the different numbers reported here mean?

- **% of EU average:** shows the current level of a specific indicator compared with the EU average.
- **Year-on-year rate of change:** shows how the gap to the EU changed compared with the previous year in percentage points (pp).
- **Rate of change over the past five years:** shows the average annual pace of change over the last five years, capturing whether the indicator has been improving or worsening recently.
- **Years to EU:** shows how long it would take for a country to reach the EU average for the given indicator while assuming that the recent pace of change continues.

How do we calculate the numbers for individual indicators?

% of EU Average: calculated as the native value of a certain indicator in a certain country, compared with the corresponding EU average.

Example: If the average monthly wage in Serbia is EUR 1,150 and the average monthly wage in the EU is EUR 3,000, then Serbia's wage level is 38% of the EU average ($1,150/3,000$). **For indicators where lower values mean better outcomes (e.g. unemployment, child mortality), the calculation is reversed** so that a higher percentage always indicates better performance.

Example: If the unemployment rate is 11% in Kosovo and 6% in the EU, Kosovo's relative level is 55% of the EU average ($6/11$).

Rate of change over the past five years: calculated as the simple average of the year-on-year changes in the indicator measured as a percentage of the EU average over the last five years.

Example: If public health spending in North Macedonia, measured as a share of the EU average, changed by -0.4, +7.2, -2.7, -2.1 and +0.2 pp, the five-year rate of change is +0.4 pp.

Years to EU: calculated by comparing the remaining gap to the EU average with the speed of progress over the last five years. It shows how many years it would take to close the gap if recent trends continue.

Example: If Montenegro's GDP per capita is 55% of the EU average (a gap of 45 pp) and it has been catching up by 0.9 pp per year, it would take about 50 years to reach the EU level.

How do we calculate the numbers for the pillar/area averages?

% of EU Average: calculated as the simple average of all indicators in the pillar, each expressed as a percentage of the EU average.

Example: If Albania's five environment indicators are 50%, 55%, 60%, 65% and 70% of the EU average, the overall Environment pillar stands at 60% of the EU average.

Rate of change over the past five years: calculated as the average of the year-on-year changes in the overall pillar's value measured as a percentage of the EU average over the last five years.

Example: If Bosnia and Herzegovina's Education pillar changed by +0.5, +5.6, +0.2, +0.8 and +1.0 pp, the five-year rate of change is +1.6 pp.

Years to EU: calculated by comparing the remaining gap to the EU average for the overall pillar with the pace of progress over the last five years.

Example: If Serbia's Digitalisation pillar stands at 98% of the EU average and has been improving by 1.0 pp per year, it would take two years to reach the EU level.

What does it mean when an indicator is 'converged' or 'diverging'?

Converged: an indicator is considered converged if its value (measured as a percentage of the EU average) is at or above 100%. This means the country has reached or exceeded the EU average in that area.

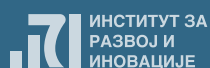
Example: If government spending on health in Montenegro is 105% of the EU average (6.9% of GDP vs 6.5%), Montenegro is considered converged.

Diverging: an indicator is considered diverging if its average change over the past five years (measured as a percentage of the EU average) is negative. This means the country has been moving further away from the EU average.

Example: If road density in North Macedonia (expressed as percentage of the EU average) has been declining by 0.4 pp per year, the country is diverging. A categorisation of 'Not Possible' may be used when a convergence calculation cannot take place due to missing data.



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