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Annual Convergence Report 2025

– Kosovo –

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Supported by OPEN SOCIETY FOUNDATIONS WESTERN BALKANS

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IMPRESSUM

Herausgeber, Verleger, Eigentümer und Hersteller:
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Offenlegung nach § 25 Mediengesetz: Medieninhaber (Verleger): Verein "Wiener Institut für Internationale Wirtschaftsvergleiche", A 1060 Wien, Rahlgasse 3. Vereinszweck: Analyse der wirtschaftlichen Entwicklung der zentral- und osteuropäischen Länder sowie anderer Transformationswirtschaften sowohl mittels empirischer als auch theoretischer Studien und ihre Veröffentlichung; Erbringung von Beratungsleistungen für Regierungs- und Verwaltungsstellen, Firmen und Institutionen.

ALL AREAS OVERALL

Economic

25.7% of EU average

+0.9 pp last year

100+ years to EU

Social

63.9% of EU average

+0.1 pp last year

19 years to EU

Health

58% of EU average

+0.2 pp last year

41 years to EU

Education

61.4% of EU average

+0.2 pp last year

Diverging from EU

Governance

66.2% of EU average

+0.8 pp last year

26 years to EU

Environment

21.8% of EU average

-0.4 pp last year

100+ years to EU

Digitalisation

64.3% of EU average

-1.7 pp last year

100+ years to EU

Infrastructure

36.9% of EU average

-0.4 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.

- Overall well-being in Kosovo in 2024 ranged **from 22% to 66%**, depending on the area.

- **Five of the eight areas improved** in 2024 compared with the previous year.

- **Governance remains the pillar closest to EU levels (86%)**, mainly reflecting perceptions of the control of corruption as well as of the likelihood of political instability.

- The **environment pillar is furthest from EU standards (22%)**, with the economy's high carbon intensity being the main factor driving this gap.

- The **economic pillar** recorded the strongest annual improvement in 2024 (+0.9 pp), while **digitalisation** exhibited the weakest performance (-1.7 pp).

- **The social and governance pillars** have the **shortest estimated time** till reaching the EU average, at nearly two or three decades.

- **Infrastructure and education**, on the other hand, **are diverging from EU** standards.

ECONOMIC

GDP per capita

29.4% of EU average

+1.2 pp last year

62 years to EU

Average wage

21% of EU average

+1.3 pp last year

100+ years to EU

Minimum wage

14.1% of EU average

-1.3 pp last year

Diverging from EU

Average pension

9.2% of EU average

+0.4 pp last year

100+ years to EU

Productivity

54.9% of EU average

+3.5 pp last year

71 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.

- The **economic pillar** improved overall in 2024, with **four of the five individual indicators** noting **progress**, but it still remains one of the **weaker areas** in Kosovo, with estimated time of reaching the EU average exceeding **100 years**.

- In 2024, **Kosovo's GDP per capita**, measured in purchasing power standards, **reached 29% of the EU average**. This performance reflects a year-on-year increase of 1.2 pp compared to 2023. If the pace of convergence from the past five years persists, Kosovo would require approximately **62 years to reach the current EU average level** of GDP per capita.

- In contrast, **wage convergence presents a far more challenging picture**. In 2024, the **average wage** in Kosovo amounted to **only 21%** of the EU average, while the **minimum wage reached 14%** of the respective EU benchmark.

- Assuming wage-growth trends observed over the past five years continue, Kosovo would require **more than 100 years to close the gap with the EU average wage**, and it will **never converge** with the **EU minimum wage**.

- The average pension level in Kosovo remains critically low, standing at just **9.2% of the EU average**. It **increased by 0.4 pp** in 2024, and the expectations are that it will take **100+ years** to reach the EU average.

- However, labour productivity (measured by **real output per worker**) shows a comparatively stronger position, reaching **55% of the EU average** and **improving by 3.5 pp** in 2024.

- If recent productivity growth trends continue, Kosovo is projected to achieve **EU-level productivity in approximately 71 years**.

SOCIAL

Unemployment

55.6% of EU average

-0.5 pp last year

8 years to EU

Employment

54.5% of EU average

+2.9 pp last year

22 years to EU

Poverty

90.5% of EU average

+0.2 pp last year

7 years to EU

Inequality

92.7% of EU average

+0.3 pp last year

15 years to EU

Gender gap

26.3% of EU average

-1.8 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.

- The **social pillar** is one of the better ones in Kosovo, standing at **64% of the EU average**, with **four of the five indicators** on a path to reach the EU average **within one or two decades**.

- **Unemployment fell to 10.8% in 2024**, a significant decline from 26% in 2020, bringing Kosovo to **55.6% of the EU average**. If the pace of improvement observed over the past five years continues, Kosovo could reach the EU benchmark in approximately **eight years**.

- **Employment performance still lags but is moving in the right direction.** Kosovo currently stands at **54.5% of the EU average**, and based on the trajectory of the past five years, full convergence with the EU level could be achieved in about **22 years**.

- **Poverty reduction is comparatively strong.** Using the share of post-tax income of the bottom 20% of equal-split adults as a proxy, Kosovo is at **90.5% of the EU average**. At the recent pace of convergence, the country is roughly **seven years** away from reaching the EU level.

- **Inequality is also improving**, though more gradually. **At 92.7% of the EU average**, and with a **0.3 pp improvement** in 2024 compared to the previous year, full convergence could occur in approximately **15 years**, assuming the current pace continues.

- **The gender gap**, on the other hand, **remains a major concern**. Kosovo stands at only **26.3% of the EU average**, and trends over the past five years suggest **divergence** rather than convergence in gender-equality outcomes.

HEALTH

Health spending

41% of EU average

-8.4 pp last year

Diverging from EU

Life expectancy

95.9% of EU average

-0.4 pp last year

31 years to EU

Infant mortality

58% of EU average

-6.2 pp last year

8 years to EU

Hospital beds

46% of EU average

+1.1 pp last year

100+ years to EU

Physicians

49% of EU average

+6.5 pp last year

35 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.

- The **health pillar** in Kosovo remains a **mixed bowl**, with some indicators within decades from EU levels and others either diverging or more than a century away.

- **Health expenditure remains significantly below EU levels**, at just **41% of the EU average**. Given the average growth rate over the past five years, the trajectory of this indicator is **diverging** further from the EU benchmark.

- **Life expectancy is relatively close to EU standards**, reaching **96% of the EU average**, though it declined by 0.4 pp compared to the previous year. At the pace from the past five years, Kosovo is projected to reach the EU benchmark in approximately **31 years**.

- **Infant mortality, while still higher than EU levels, shows stronger convergence**. The indicator stands at 58% of the EU average, with a decline in 2024, but an overall positive trend over the past five years, suggesting full convergence within about **eight years** if current trends continue.

- **Hospital bed availability remains substantially below EU norms**, at **46% of the EU average**, with only a 1.1 pp increase in 2024. Without structural changes, Kosovo is **100+ years** away from reaching full convergence with EU levels.

- **The number of physicians is at 49% of the EU average**, reflecting a **6.5 pp improvement** over the past year. At this rate, Kosovo would converge with the EU benchmark in roughly **35 years**.

EDUCATION

Education spending

80.3% of EU average

-5.1 pp last year

Diverging from EU

PISA scores

74.3% of EU average

-1.2 pp last year

Diverging from EU

Tertiary enrolment

24.8% of EU average

+0.2 pp last year

Diverging from EU

Tertiary attainment

73.1% of EU average

-1.8 pp last year

Diverging from EU

Tertiary activity

87.2% of EU average

+0.0 pp last year

Diverging from EU

NEET rate

29% of EU average

+1.4 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.

- **Education** is, unfortunately, one of the weakest-performing areas in Kosovo, with **all individual indicators** currently on a **diverging path** from EU standards.

- **Public education expenditure** remains relatively solid, at **80% of the EU average**, but declined by 5.1 pp last year, and has been declining for some time. At the current pace, Kosovo is moving **further away from EU convergence**.

- **PISA outcomes continue to weaken.** Kosovo's PISA scores are at **74.3% of the EU average**, indicating a decline since the last assessment. The **gap with the EU is widening**.

- **Tertiary enrolment remains low**. Enrolment is at **24.8% of the EU average**, with only a 0.2 pp increase last year. Based on the trend of the past five years, the indicator is **diverging further from the EU benchmark**.

- **Tertiary attainment is falling.** Attainment levels stand relatively solid, at 73.1% of the EU average, but declined by 1.8 pp last year, reinforcing a **diverging trajectory**.

- **Tertiary labour-force participation is diverging too.** The share of working-age individuals with tertiary education participating in the labour market stands at a solid **87% of the EU average**, but the trend over the past five years continues to **diverge from EU levels**.

- **The NEET rate shows limited improvement.** Kosovo's NEET rate is at **29% of the EU average**, improving by 1.4 pp last year. However, over the five-year trend, the indicator **continues to diverge from the EU**.

GOVERNANCE

Voice & Accountability 66.7% of EU average -1.4 pp last year 100+ years to EU	**Political stability** 69.5% of EU average -3.9 pp last year 13 years to EU	**Govt. effectiveness** 70.1% of EU average +3.8 pp last year 12 years to EU
Regulatory quality 61.6 % of EU average +2.5 pp last year 80 years to EU	**Rule of law** 61.7% of EU average +1.2 pp last year 100+ years to EU	**Corruption control** 67.4% of EU average +2.6 pp last year 17 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.

- **Governance** is the **best-performing** area in Kosovo, standing at **66% of the EU level overall**, with a decent performance over the past years, estimated to reach EU standards within **less than three decades**

- **Voice & accountability** stood at **66.7% of the EU average in 2023**, recording a year-on-year **decline of 1.4 pp**. At the average pace of progress over the past five years, full convergence with the EU level would require **100+ years**.

- **Political stability reached 69.5% of the EU average**, **slipping 3.9 pp** over the past year. [7] However, considering the relative gains achieved in recent years, convergence with the EU benchmark is projected in **approximately 13 years**.

- **Government effectiveness is at 70.1% of the EU average**, with a **3.8 pp improvement** last year. At the rate of improvement from the past five years, the gap to the EU level could be closed in **around 12 years**.

- **Regulatory quality stands at 61.6% of the EU average**, increasing by **2.5 pp** last year. Despite this improvement, convergence remains distant, at **approximately 80 years**.

- **Rule of law reached 61.7% of the EU average**, improving by **1.2 pp** year-on-year. Despite this modest progress, the current trajectory suggests that achieving full convergence would take **100+ years**, reflecting insufficient gains to date.

- **Control of corruption is at 67.4% of the EU average**, having **improved by 2.6 pp** last year. Based on the existing trend, convergence with the EU average is expected to require **around 17 years**.

[7] Political stability is proxied using 'Political Stability and Absence of Violence/Terrorism', which measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism.

ENVIRONMENT

Pollution deaths

28.8% of EU average

+2.6 pp last year

40 years to EU

Renewable energy

30.8% of EU average

-2.0 pp last year

44 years to EU

Energy intensity

29.1% of EU average

+1.1 pp last year

Diverging from EU

Carbon intensity

16.6% of EU average

-0.3 pp last year

Diverging from EU

Waste recovery

3.6% of EU average

+0.0 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.

- **Environment** is the **weakest-performing area** in Kosovo, with the individual indicators standing **between 4% and 31% of the EU average**.

- **Air quality remains a major concern** with pollution-related deaths being **almost four times higher** than in the EU. There has been some improvement lately, though, and at the pace of progress observed over the past five years, it would take **approximately 40 years** for Kosovo to reach the EU benchmark.

- **Renewable energy shows relative progress.** The share of renewables has reached **30.8% of the EU average**, although this represents a 2.0 pp decline compared to the previous year. Based on the trend of the past five years, Kosovo would require **approximately 44 years** to achieve full convergence with the EU.

- **Energy efficiency continues to lag significantly.** Energy intensity stands at **29.1% of the EU average**. Despite a modest increase of 1.1 pp in the last year, the broader five-year trend points towards **divergence from EU performance** rather than convergence.

- Similarly, carbon-emissions performance is deteriorating. Carbon intensity has dropped to just **16.6% of the EU average**, underscoring a widening gap and **increasing divergence** from EU standards.

- **Waste recovery remains critically underdeveloped.** At only 3.6% of the EU average, Kosovo's performance in waste recovery is among its weakest indicators. With **no improvement last year**, it will take **100+ years to reach the EU benchmark** if progress continues at the same pace observed over the past five years.

DIGITALISATION

HH with internet

104.7% of EU average

-1.2 pp last year

Converged

e-government

49.8% of EU average

-1.7 pp last year

12 years to EU

Firms with websites

52.6% of EU average

-20.0 pp last year

Diverging from EU

ICT exports

58.8% of EU average

-0.8 pp last year

6 years to EU

ICT value added

48.3% of EU average

+1.0 pp last year

100+ years to EU

ICT employment

76.5% of EU average

+11.6 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.

- **The current state of play in terms of digitalisation in Kosovo is mixed**. Internet penetration, measured by **households with internet connection** indicator, has **already converged**.

- **There has been some progress also with e-government usage in Kosovo.** Currently, Kosovo stands at **49.8% of the EU average**, or down 1.7 pp since last year (but not so far from the EU benchmark). At the current pace, it will take **12 years** to reach the EU levels.

- In contrast, **private sector lags behind the regional peers as far as digitalisation is concerned**. After a huge drop (20 pp) in 2023, firms with websites are at **52.6% of the EU average** and **diverging** compared to the EU average.

- **ICT exports** have reached **58.8% of the EU average**. Thus, Kosovo is not very far from converging with its EU peers, which is expected to happen in only **six years**.

- Nevertheless, **ICT value added is not satisfactory.** It is currently equivalent to **48.3% of the EU average**, representing a **one pp** increase compared to last year. Considering the current trajectory, convergence will take more than **300+ years**.

- **ICT employment stands at 76.5% of the EU average** after a promising climb of 11.6 pp last year. Despite this progress, the current pace is not sufficient, and the indicator is **diverging** from the EU benchmark.

INFRASTRUCTURE

Motorways

60.3% of EU average

+5.7 pp last year

21 years to EU

Roads

12.9% of EU average

-0.1 pp last year

100+ years to EU

Railway tracks

44.9% of EU average

+1.0 pp last year

100+ years to EU

Airports

31.2% of EU average

-0.1 pp last year

Diverging from EU

Electricity

35.1% of EU average

-1.8 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.

- **Infrastructure** is among the **weaker areas** in Kosovo, with **no major progress** lately.

- **Motorways** are the best area under this pillar, currently standing at a solid **60.3% of the EU average**, marking an improvement of **5.7 pp** over the previous year. At the average expansion pace of the past five years, full convergence with the EU average is projected to take approximately **21 years**.

- **The total road network** remains significantly below the EU benchmark, at **12.9% of the EU average**, and declined by 0.1 pp last year. At the current rate of progress, **convergence is unlikely for another century.**

- **Railway infrastructure** has not seen any meaningful investment or expansion for an extended period, resulting in a **stagnant network length**. As a consequence, Kosovo's railway indicator is **not likely to converge** to the EU standards any time soon.

- **Air connectivity**, measured by the number of airports per 10,000 square kilometres, stands at **31.2% of the EU average** and continues to **diverge in the absence of new investments**. In comparison, Kosovo operates one functional airport, while countries within the EU with comparable geographical size typically have around three.

- **Electricity installed capacity** continues to lag behind the EU average despite investments in both existing power plants and renewable energy. Current capacity is at **35.1% of the EU average**, reflecting a **1.8 pp decline** last year and further **divergence** from the EU benchmark.

WHAT EXPLAINS THESE TRENDS?

ECONOMIC

- **Kosovo's slow economic convergence reflects its economic structure:** growth is largely demand-led rather than supply-driven. Much of Kosovo's output comes from remittance-funded consumption and public investment, not high-value exports or industry.[11] Remittances accounts for roughly 14% of GDP, bolstering household spending but not building a strong, productive base. In effect, private consumption and investment keep the economy afloat even as trade deficits remain high. Because Kosovo starts from a very low per-capita base and its economy grows consistently in the 3-4% range on average, its convergence with the EU average is necessarily slow.

- **Compared to the EU levels, the wage gap reflects a combination of structural labour-market weaknesses:** a large share of workers are informally employed, meaning official wage data capture only a portion of the economy; labour-force participation has historically been low, with relatively high unemployment (10.8% in 2024), limiting competitive pressures that would otherwise raise wages; and both private-sector capacity and public-sector wage policies have constrained earnings, as most firms are small and government salaries and pensions were long kept low for fiscal reasons. Although Kosovo increased the minimum wage in late 2024 and raised some public-sector pay, overall wage levels remain far below EU standards.

- **Kosovo's pension system faces deep structural and institutional challenges.** While it relies on a modest universal basic pension and mandatory individual accounts, it has gradually been overlaid with a range of separate 'special' social schemes, including pensions for war veterans,

[11] Riinvest Institute (2025). Economic Developments: threats from institutional crisis. (www.riinvestinstitute.org/En/raportet-kerkimore/526/economic-developments-threats-from-the-institutional-crisis/)

teachers, ex-Yugoslav contributors, miners and security-force members – many without regard to age, past employment or contribution history. This has kept pensions low and led to major inequities. For example, while physically capable individuals can receive generous lifelong payouts, long-term workers or low-income retirees get modest benefits. Frequent ad hoc benefit adjustments, alongside absent or inadequate indexation, undermine predictability and erode real value for pensioners. Moreover, the growing number of beneficiaries (especially under special regimes) exerts rising fiscal pressure, threatening long-term sustainability amid demographic shifts and limited fiscal space.

- **Labour productivity shows that workers produce far more value than their comparatively low wages imply.** This relatively strong performance may be supported by the rapid growth of ICT and service exports sectors, where firms generate higher value-added with lean staffing as well as the effects of starting from a low base, which allowed early productivity gains to be substantial. Yet, despite this progress, closing the productivity gap with the EU may still take decades. Even so, the fact that productivity runs well ahead of wage levels suggests that Kosovo could, over time, support higher wages and pensions, provided institutional reforms continue, labour-market efficiency improves, and economic output is more effectively translated into labour income.

SOCIAL

- **Kosovo's sharp decline in unemployment is driven by a combination of the post-pandemic recovery and rising labour demand in services, ICT and construction.** A significant part of the improvement reflects a shrinking labour supply due to out-migration, which reduces the number of jobseekers. Formalisation gains and mild increases in youth and female participation also contribute, but the pace of improvement is partly cyclical and partly structural.

- **Despite falling unemployment, Kosovo's employment remains far below the EU level because labour force participation – especially among women and youth workers – remains structurally weak.** Skills mismatches and persistent informality continue to constrain job creation. As a result, employment indicators improve much more slowly than unemployment figures, indicating that labour market gains are not yet translating into broad-based inclusion.

- **Kosovo's progress in reducing poverty, measured by the income share of the bottom 20%**, is supported by remittances (which disproportionately benefit poorer households), expanded social transfers (including child benefits and improved safety nets), and rising low-skilled wages driven by labour shortages. This combination is boosting post-tax incomes for vulnerable groups at a faster pace than in many EU countries, explaining why poverty indicators are converging more rapidly than employment metrics.

- **Income inequality is gradually narrowing due to disproportionately faster growth in earnings among low-skilled workers**, aided by labour shortages and wage compression in low-end service sectors. Increased social assistance has also played a redistributive role. However, structural inequality linked to education, regional disparities and gender gaps remains largely intact.

- **The gender gap stands out as Kosovo's weakest area, with outcomes diverging from the EU average.** Extremely low female labour force participation, limited childcare options, traditional social norms and sectoral segregation severely constrain women's economic activity. Female employment gains have not kept pace with overall labour market improvements, and emigration does not provide the same 'relief' effect for women as it does for men.

HEALTH

- **Kosovo's health spending remains far below EU levels due to chronic underfunding and a limited budget.** Reliance on out-of-pocket payments and structural inefficiencies further constrain effective investment. The lack of a functional health insurance system is also significantly hampering public-sector investments.

- **Life expectancy in Kosovo is relatively close to the EU average.** However, recent stagnation and a slight decline reflect challenges in preventive care, chronic disease management, and environmental and lifestyle risks, slowing progress towards convergence.

- **Infant mortality shows strong convergence thanks to improvements in maternal and neonatal care**, better primary care outreach, and gradual enhancements in data quality. This indicator is responding well to lower-cost interventions, making convergence with EU levels plausible within a relatively short timeframe.

- **Hospital bed availability remains severely limited due to decades of underinvestment in health infrastructure and slow capital expansion.** With little progress in modernising or expanding facilities, Kosovo is far from EU norms and would require major structural investment to alter the current century-long convergence path.

- **The number of physicians is improving slowly** but remains well below EU standards, largely due to emigration and unattractive working conditions in the public sector.

EDUCATION

- **Education spending in Kosovo continues to face fiscal constraints** and competing budget priorities, which together lead to underinvestment in this crucial sector. The recent decline also suggests weak budget execution and short-term adjustments that deprioritise education.

- **Kosovo's declining PISA scores are closely linked with various structural issues**, such as outdated curricula, insufficient teacher training, low teacher motivation[12] and limited use of modern pedagogical methods. Classroom environments often emphasise rote learning over problem-solving, and schools lack adequate digital and learning resources.

- **Low tertiary enrolment may reflect various structural barriers**, such as limited career guidance and perceptions that higher education yields low labour-market returns. Financial constraints and uneven quality across universities also deter participation. Falling attainment signals problems in both enrolment and completion. High dropout rates, limited student support services, and mismatches between university programmes and labour-market needs undermine progression. Emigration of young graduates also reduces the share of tertiary-educated individuals residing in Kosovo.

- **The relatively weak labour-market participation of tertiary graduates** stems from skill mismatches, limited demand for high-skilled workers, and a labour market dominated by low-productivity sectors. Many graduates struggle to transition into employment aligned with their qualifications, which discourages both enrolment and retention in higher education.

- **Although the NEET (not in education, employment or training) rate shows a modest annual improvement, long-term trends reflect deep labour-market and education-system challenges.** Weak vocational

[12] OECD (2023). PISA 2022 Results (Volume I and II) – Country Notes: Kosovo. www.oecd.org/en/publications/pisa-2022-results-volume-i-and-ii-country-notes_ed6fbcc5-en/kosovo_1f99d575-en.html

pathways, limited work-based learning and slow job creation for youth keep many young people disengaged from both education and employment. Social factors, including regional disparities, and limited support services also contribute to sustained divergence.

GOVERNANCE

- **The decline in voice & accountability reflects persistent challenges in media freedom, civic participation and trust in institutions.** Political polarisation, pressures on independent media, and limited mechanisms for meaningful citizen engagement weaken this indicator.

- **Short-term decline in political stability is driven by heightened political tensions, frequent institutional disputes, and episodic instability in the northern municipalities.** However, the medium-term trend has improved due to stronger international partnerships and more predictable political transitions. This combination of short-term volatility and long-term gains explains both recent setbacks and the relatively optimistic convergence projection.

- **To some extent, the improvement in government effectiveness reflects advancements in public administration reforms and digitalisation of services.** However, capacity gaps and bureaucratic fragmentation still limit rapid progress. Sustained reform momentum is needed to maintain the current trajectory.

- **Although recent reforms have improved regulatory processes** (e.g. digitalising public services, strengthening competition frameworks and aligning policies with EU standards), implementation capacity remains limited. Regulatory unpredictability, frequent policy reversals and weak consultation mechanisms hinder stronger performance. These structural constraints explain why convergence, despite annual gains, remains distant.

- **Relative improvements in the rule of law stem from incremental reforms in judicial efficiency and better legal alignment with the EU acquis.** However, slow judicial reforms, limited enforcement capacity, political influence over justice institutions, and public distrust impede substantial advancement. Structural weaknesses in the judiciary make rapid convergence with EU standards unlikely.

- **Anti-corruption performance reflects an improved perception of transparency efforts, supported in part by active civil society monitoring, and increased public scrutiny.** Nonetheless, weak enforcement and limited high-level corruption convictions constrain progress. Although the indicator is improving faster than others, substantial systemic reforms are needed to sustain the projected convergence path.

ENVIRONMENT

- **Kosovo's air-quality challenges stem primarily from lignite-based power generation, widespread use of inefficient household heating, and high levels of vehicle emissions.** Limited enforcement of environmental standards and insufficient investment in cleaner technologies contribute to persistent pollution. Although there have been some improvements, the pace remains too slow due to structural dependence on outdated energy systems and delayed implementation of air-quality action plans.

- **While progress has been made in integrating renewables**, the energy sector faces bottlenecks (e.g. an outdated grid, slow permitting processes and limited investor confidence). The recent decline reflects the slow progress in scaling new renewable installations as well as low public investments in renewables. Despite relative gains, Kosovo's heavy reliance on lignite and limited incentives hinder faster convergence with the EU.

- **High energy intensity is driven by Kosovo's aging industrial base, inefficient buildings and outdated machinery**, combined with low energy prices that reduce incentives for efficiency investments. Slow progress in implementing energy-efficiency standards and weak enforcement in the construction sector further widen the gap.

- **Worsening carbon intensity reflects near-total dependence on lignite for electricity production and slow progress towards decarbonisation.** Delays in new renewable capacity, the lack of carbon pricing, and ageing power plants increase emissions per unit of energy produced. Economic growth that relies on carbon-intensive sectors deepens the divergence from EU decarbonisation pathways.

- **Extremely low waste recovery is explained by underdeveloped recycling infrastructure, low municipal capacity, and limited public awareness of waste separation.** The absence of modern waste management systems, weak regulatory enforcement, and inadequate investment in sorting and recycling facilities keep recovery rates minimal.

DIGITALISATION

- **Household internet access has largely converged with EU levels**, reflecting successful infrastructure expansion, competitive telecom markets and affordable internet services. Government and donor initiatives to improve connectivity, particularly in urban areas, have supported this achievement.

- **Moderate progress in e-government usage is driven by the digitisation of public services and online portals**, both of which make interactions with the government easier. Continued development, promotion and trust-building will be needed to accelerate convergence with EU benchmarks.

- **The sharp decline in firms with websites suggests structural weaknesses in private-sector digitalisation.** Possible explanations include limited ICT skills among business owners, high adoption costs for SMEs, a lack of digital incentives, and low integration of digital tools into business operations.

- **ICT exports are growing steadily, supported by a developing IT services sector and international outsourcing opportunities.** Skilled workforce availability and competitive costs for software development are driving this progress. With continued investment in IT education and export promotion, convergence with EU peers appears achievable in the medium term.

- **Despite growth in ICT exports, overall ICT value added remains low**, reflecting limited domestic production, low integration of digital technologies in traditional sectors, and the small scale of the tech industry. The minimal annual improvement suggests structural constraints that prevent ICT from contributing significantly to GDP.

- **Employment in ICT is growing strongly thanks to demand in both domestic and export-oriented IT services.** The substantial annual increase demonstrates the sector's labour-absorption potential. However, the pace of growth is insufficient relative to EU levels.

INFRASTRUCTURE

- **The improvement in motorways reflects targeted government investment projects aimed at connecting key urban centres and international corridors.** Political prioritisation of high-traffic routes have accelerated motorway expansion. However, given the scale of EU networks, continued investment over decades will be needed to achieve full convergence.

- **Despite periodic investments, Kosovo's road network remains underdeveloped, reflecting decades of historical underinvestment and persistent fiscal constraints.** Maintenance of existing infrastructure is inadequate, while network expansion continues at a slow pace. This stagnation highlights deeper structural weaknesses in planning, financing and implementation. Without a comprehensive strategic overhaul, long-term convergence with regional and EU transport standards is unlikely.

- **Kosovo’s railways suffer from decades of neglect, a lack of modernisation, and minimal investment.** Aging tracks, insufficient rolling stock, and limited integration with regional networks reduce the attractiveness of rail transport. Structural underfunding and weak institutional capacity have prevented meaningful expansion, resulting in continued divergence from EU standards.

- **Limited air connectivity, low passenger volumes, and insufficient investment in existing or new capacities** reflects both the small scale of Kosovo’s aviation sector and the existence of only one operational international airport.

- **Persistent reliance on ageing lignite plants, slow commissioning of new projects in electricity capacities, and regulatory and financial bottlenecks hinder electricity capacity expansion.** Combined with growing demand, these factors are causing the gap with EU benchmarks to widen.

SCENARIOS

To better understand how different EU integration pathways might influence Kosovo'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:	62 years to EU
Full EU accession:	40 years to EU
Access to EU budget:	47 years to EU
EU single market:	53 years to EU
Institutional reforms:	57 years to EU

Poverty

Status quo:	7 years to EU
Full EU accession:	5 years to EU
Access to EU budget:	5 years to EU
EU single market:	7 years to EU
Institutional reforms:	7 years to EU

Life expectancy

Status quo:	31 years to EU
Full EU accession:	21 years to EU
Access to EU budget:	24 years to EU
EU single market:	27 years to EU
Institutional reforms:	29 years to EU

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:	17 years to EU
Full EU accession:	11 years to EU
Access to EU budget:	11 years to EU
EU single market:	17 years to EU
Institutional reforms:	11 years to EU

Energy intensity	
Status quo:	Divergence
Full EU accession:	44 years to EU
Access to EU budget:	77 years to EU
EU single market:	100+ years to EU
Institutional reforms:	100+ years to EU

ICT exports	
Status quo:	6 years to EU
Full EU accession:	5 years to EU
Access to EU budget:	5 years to EU
EU single market:	5 years to EU
Institutional reforms:	6 years to EU

Roads	
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

ECONOMIC (GDP Per Capita)

Under a status quo trajectory, Kosovo may require more than six decades to reach EU income levels. Full EU membership accelerates convergence by over two decades, potentially reducing the timeframe to around 40 years by speeding up convergence by approximately 0.6 pp per year relative to the EU. Access to the EU budget alone also supports convergence, shortening the estimated period to 47 years, though, as expected, this impact is smaller than full EU membership. Single market access provides a more modest gain, with convergence projected in 53 years. Institutional reforms without accompanying integration have the least effect on GDP per capita, extending the convergence period to 57 years.

SOCIAL (Poverty Reduction)

Based on the indicators used in this exercise, results suggest that either full EU accession or access to the EU budget alone would accelerate social convergence by two years – from seven years under the status quo, to five years under these two scenarios. The other two scenarios are not expected to have any significant impact on the convergence timeline. This is perhaps to be expected, as the convergence horizon is rather short even under the status quo.

HEALTH (Life Expectancy)

Under a status quo trajectory, Kosovo would need around three decades to reach the EU level of life expectancy. Full EU accession delivers the largest improvement, shortening the convergence period to about 21 years. Access to the EU budget alone also has a sizeable effect, reducing the timeframe to 24 years – only slightly weaker than full accession. Single market access yields a more moderate gain, with convergence projected in 27 years. Institutional reforms without deeper integration have the smallest impact, bringing the convergence period down only marginally, to 29 years.

EDUCATION (Tertiary Enrolment)

Education convergence, simulated using tertiary enrolment as a proxy, shows no indication of catching up with EU levels in the foreseeable future. Across all modelled scenarios, the trajectory of tertiary-education participation continues to diverge rather than converge, suggesting a widening gap between Kosovo and the EU benchmark and implying that deeper structural reforms (i.e. beyond EU membership) are needed in this area to improve the situation.

GOVERNANCE (Control of Corruption)

The governance trajectory shows some improvement under EU accession, but they are not that sizeable, as the country is doing relatively well in this area even under the status quo. If current trends persist, Kosovo would require 17 years to reach core EU governance benchmarks. By contrast, full EU accession accompanied by access to the EU budget and comprehensive institutional reforms would accelerate convergence to approximately 11 years. Notably, mere access to the single market would yield no significant governance gains, as regulatory alignment and institutional strengthening typically depend on deeper integration commitments.

ENVIRONMENT (Energy Intensity)

Under a status quo trajectory, Kosovo’s energy intensity continues to diverge from EU benchmarks, indicating persistent inefficiency in resource use. Full EU accession could reverse this pattern, with estimates suggesting that it would take approximately 44 years for Kosovo to reach EU-level energy efficiency. Access to EU funds alone would bring this time to 77 years. Other simulated scenarios show minimal improvement, likely because investment flows are not inherently ‘green’ unless supported by comprehensive policy alignment.

DIGITALISATION (ICT Exports)

The digital sector is among the few areas where Kosovo is expected to achieve convergence within a short timeframe across all scenarios. Under the status quo, the convergence horizon is six years. Full EU membership, access to the EU budget, or integration into the single market would accelerate this convergence to five years. In essence, Kosovo’s ICT sector is expected to reach EU-level benchmarks in the near future, assuming present trends in digitalisation and technological adoption continue.

INFRASTRUCTURE (Roads)

Kosovo’s infrastructure gaps will remain unresolved across all projected pathways, even over the long term. Road infrastructure, in particular, shows no meaningful convergence with EU levels within the next century under any scenario. These findings show that although EU accession could accelerate infrastructure development, true convergence in physical infrastructure will continue to lag unless Kosovo addresses political, administrative and institutional bottlenecks that currently slow progress.

POLICY DISCUSSION

1. General policy discussion

Kosovo's convergence trajectory towards the EU reflects a complex interplay of structural constraints, sector-specific weaknesses and fragmented reform progress. Kosovo exhibits areas of accelerated catching-up (e.g. digitalisation and aspects of governance), yet these are overshadowed by deep, cross-sectoral challenges that inhibit sustained progress. The resulting pattern is one of partial convergence, selective divergence and persistent vulnerabilities, which collectively shape Kosovo's long-term prospects for approaching EU living standards.

A first overarching trend is the slow pace of economic convergence, which reflects structural weaknesses, including a consumption-led rather than productivity-driven growth model, limited export sophistication and a narrow production base. Governance remains a core structural factor slowing convergence. Although some indicators have improved, institutional weaknesses, policy instability and constrained implementation capacity persist across sectors. Demographics and migration also shape Kosovo's trajectory. Emigration contributes to falling unemployment, but it also depresses labour-force participation, reduces the pool of skilled workers, and weakens domestic human-capital accumulation. These dynamics reinforce structural imbalances in both the labour market and productivity growth.

Fiscal conservatism and limited budgetary space constrain long-term investment in education, health and infrastructure, areas that are essential for convergence. Education spending has fallen relative to EU benchmarks, while underinvestment in health persists, as well. Finally, Kosovo's investment climate remains hampered by informality, weak contract enforcement and political uncertainty. These patterns slow structural transformation.

The analysis of the data reveals several reform domains that influence multiple convergence pillars simultaneously.

- **Rule of law and governance reform:** Judicial efficiency, regulatory predictability and anti-corruption performance directly affect economic competitiveness, social trust, labour-market functioning and investment decisions. Despite improvements in some governance metrics, deep structural gaps slow convergence across most indicators.

- **Public administration reform:** Fragmented bureaucracy, limited policy coordination and weak implementation capacity undermine progress in infrastructure, digitalisation, education and environmental policy.

- **Digital transition:** Digitalisation is among Kosovo's strongest convergence areas. Digital reform is a cross-cutting lever that can boost service delivery, transparency, private-sector competitiveness and human-capital development.

- **Green transition and environmental reform:** Kosovo's reliance on fossil fuels and lack of energy efficiency contribute to deep divergence in carbon intensity, energy intensity and air quality. Environmental reform therefore intersects with health outcomes, competitiveness and infrastructure modernisation.

- **Fiscal and social policy coherence:** Poverty and inequality are converging relatively quickly, but this progress is heavily dependent on remittances and targeted transfers. Without improving labour-force participation, especially female participation, these gains may be difficult to sustain.

- **Infrastructure and connectivity:** Improvements in transport infrastructure – particularly corridors linking Kosovo with its neighbouring countries – play a critical role in regional integration, trade facilitation, labour mobility and investment attractiveness. Persistent infrastructure gaps not only undermine the competitiveness of domestic businesses but also limit spill-over benefits from regional and EU market access.

- **Education and human capital:** While public spending on education is relatively high, learning outcomes and skills alignment with labour-market needs remain weak. Education reform is therefore central to long-term convergence, affecting productivity, employability, innovation capacity and social mobility while also reinforcing digital and green transition objectives.

Scenarios clearly illustrate how policy choices can shift Kosovo's long-term trajectory. Under the status quo, Kosovo would need over six decades to achieve income convergence, but full EU membership could reduce this to roughly 40 years by boosting growth through institutional reform and deeper market integration. Access to the EU budget alone also accelerates social indicators (e.g. poverty reduction).

However, the scenarios show that education and infrastructure – two of Kosovo's most underperforming pillars – do not converge under any modelled pathway. Even with EU accession, road convergence would require more than two centuries, and tertiary education indicators diverge under all scenarios. This highlights the centrality of domestic institutional reforms: EU integration accelerates progress only where administrative capacity and policy coherence already exist. In governance, full EU accession paired with institutional reforms could reduce the convergence timeline from nearly 20 years to about 11 years, whereas single market access alone yields little improvement. Similarly, environmental outcomes (e.g. energy intensity) only respond meaningfully under an EU membership scenario that embeds green-transition incentives and regulatory alignment. Digitalisation stands out as an exception: ICT exports converge within one to six years under all scenarios, signalling a sector with strong intrinsic momentum that can propel broader economic transformation.

2. Policy discussion by areas

ECONOMIC

Key findings: Kosovo's economy is growing but remains far behind EU standards. It has the lowest GDP per capita in the Western Balkans, and overall output is roughly one third of the EU average. Recent growth has been supported by investment and remittance inflows, but structural gaps (e.g. small market, large informal sector) persist. Current trends imply that convergence will remain slow without deeper reforms.

Policy context and reform developments: The current reform agenda reflects a coordinated push towards deeper EU alignment and more sustainable, inclusive growth. The EU Growth Plan remains an overarching framework, emphasising digital infrastructure, regulatory modernisation and the green transition as pathways to unlock integration-linked funds. Energy reforms have accelerated this shift, with the 2023 renewable-energy law introducing competitive auctions, which marks a structural move towards market-based decarbonisation. Labour-market initiatives seek to address simultaneous shortages and high youth unemployment through skills upgrading, digital training, and greater inclusion of women and young people. The expansion of the Kosovo Credit Guarantee Fund aims to diversify financing channels and strengthen the competitiveness of small and medium-sized businesses (SMEs).

EU conditionality and regional frameworks: Kosovo's economic policy is increasingly shaped by EU integration incentives. Kosovo has partially aligned its economic reform programme (ERP) with EU accession commitments (e.g. on financial regulation), but it has yet to qualify for any enhanced market access. As a member of the Central European Free Trade Agreement (CEFTA), Kosovo is expected to comply with common trade and procurement rules, though its status in regional forums is sensitive. Regional initiatives (e.g. the Berlin Process and the Connectivity Agenda) incentivise infrastructure and energy integration. Kosovo's participation in the Energy Community means EU energy-market rules are gradually being adopted.

Scenario insights: Scenarios suggest that a high-integration path (with EU membership and full market access) could accelerate convergence by unlocking investment and trade. Under such a scenario, reforms like the ERP would yield strong returns and growth might exceed baseline projections. Conversely, a low-reform scenario would likely see persisting fiscal and competitiveness challenges, keeping output growth moderate and gaps in living standards unchanged.

Policy assessment and reform outlook: Continued focus on the economic reforms in the ERP is necessary, but their design should be deepened. Reforms that should be continued include strengthening public finance management and further expanding credit support programmes, but these measures should be linked to governance improvements. At the same time, a more explicit industrial policy orientation is needed to support structural transformation, enabling the economy to move towards higher-value-added activities, boost productivity and reduce reliance on low-skill sectors. This includes targeted support for priority industries with export and innovation potential as well as incentives for technological upgrading and value chain integration. New priorities include developing the green economy (e.g. energy efficiency, green tech) to align with the EU Green Agenda as well as building human capital (e.g. via skills training) to support higher-value industries. Institutionally, the government should strengthen coordination mechanisms (e.g. the National Council for Economy and Investments) and accelerate infrastructure projects. Cross-cutting links are critical. For example, improving governance (e.g. anti-corruption and rule of law) will have multiplier effects on economic confidence and competitiveness.

SOCIAL

Key findings: Poverty has fallen since 2020 largely due to employment gains, but it still affects a quarter of the population. Unemployment among youth and women remains a concern, while social outcomes for marginalised groups lag badly. Social well-being remains far below the EU level, mirroring the region's broader deficit. These trends stem from limited social transfers and low female labour-market participation, which constrain convergence in living standards.

Policy context and reform developments: Social policy in Kosovo has seen fragmented advances. An increase of the minimum wage (raising it to EUR 350/month) was introduced in 2024, and welfare benefits have been modestly expanded. However, key EU-aligned reforms are pending. For example, the 2014 law on health insurance has not been implemented. Kosovo has a strategic framework for marginalised communities (i.e. minority groups), but budgets and implementation are limited.

Link to EU conditionality and regional frameworks: Kosovo still needs to harmonise labour codes with EU directives. The Growth Plan emphasises social inclusion and education as investment areas. Regionally, Kosovo participates in social cohesion initiatives (e.g. the Regional Youth Cooperation Office, or RYCO, for youth exchanges), but it is affected by its partial recognition status. EU-funded programmes target poverty and minority integration, but misalignment on social protections means that citizens still have far fewer safety nets than their EU counterparts, slowing convergence.

Scenario insights: In a stronger integration scenario, social standards would rise through increased EU support and policy diffusion. Joined EU initiatives could bring more funding for education, health care and housing. However, convergence acceleration is modest in all scenarios.

Policy assessment and reform outlook: Kosovo should **continue** expanding targeted social programmes (e.g. child benefits and support for disabled persons). Promoting more balanced family policies (e.g. encouraging fathers to take parental leave) would help to reduce the disproportionate burden of care on women and enable greater female participation in the workforce. Building human capital is a priority, as policies linking education and training to labour-market needs will also reduce poverty. However, social-protection programmes must be weighed against the need for fiscal prudence and not be expanded at the expense of capital investments.

HEALTH

Key findings: Kosovo's health system underperforms compared to EU standards. Public health expenditure is extremely low, while out-of-pocket spending is very high. While basic infrastructure exists, quality and preventive care are weak. Convergence gaps reflect chronic underfunding and systemic inefficiencies.

Policy context and reform developments: Recent years saw some formal progress, such as the adoption of the Health Sector Strategy 2025-2030. However, the 2014 Law on Health Insurance, providing for the right and obligation to have mandatory basic package health insurance for all citizens, has not been implemented yet. Some e-health infrastructure (e.g. a core health information system) exists, but it is not fully utilised across facilities. Public health authorities lack a functioning national health information system and suffer from weak accountability. The pandemic exposed shortages of medical personnel and highlighted the need for stronger primary care.

Link to EU conditionality and regional frameworks: Under EU accession, Kosovo must align with relevant acquis requirements (e.g. cross-border health care and public health standards). Kosovo has begun aligning on communicable disease surveillance, such as by strengthening reporting to standards of the European Centre for Disease Prevention and Control (ECDC), and its recent Communicable Diseases Law follows EU rules.

Scenario insights: In an accelerated accession scenario, EU membership funds and norms would likely modernise Kosovo's health sector. For example, EU pre-accession aid could accelerate hospital upgrades. Conversely, in a status quo scenario, convergence is very slow. Our scenario analysis projects that integration could raise life expectancy faster than at present due to technology transfer and funding.

Policy assessment and reform outlook: Continued policies should include gradual increases in health financing and targeting preventative care. Urgently needed key reforms include implementing the health insurance law, which would create a more sustainable funding base. Primary care must be strengthened to improve efficiency. One priority is modernising the health information system to improve planning and quality.

EDUCATION

Key findings: Education in Kosovo, regardless of the enrolment rates, yields relatively weak outcomes and skills gaps. Total public expenditure on education is around 4% of GDP, and basic literacy rates are high, but quality is uneven. Early childhood education remains low, but primary and secondary enrolment is comparable to those of Kosovo's neighbours. Nevertheless, PISA results consistently place students in Kosovo well below the OECD average, which indicates shortcomings in core competencies. Youth unemployment and the emigration of graduates suggest a mismatch between education and employment.

Policy context and reform developments: The government adopted a new pre-university education strategy for the 2022-2026 period, which explicitly aims to improve quality and align curricula with labour-market needs. Some modest steps have been taken on inclusive education (e.g. assistants for children with disabilities and training in sign language). Higher education has seen reforms in accreditation processes, but governance of universities remains a concern. Vocational education and training (VET) is still underdeveloped and often lacks industry links. Coordination problems persist between the central Ministry of Education and municipal schools, and financing for new investments is tight.

Link to EU conditionality and regional frameworks: Kosovo participates in the Bologna Process, which drives higher-education reforms. Regionally, initiatives like the Berlin Process, which requires mutual recognition of diplomas, are relevant, and Kosovo already has bilateral agreements with some neighbours on diploma recognition. The EU-Western Balkans Growth Plan highlights education (especially vocational and digital skills) as a growth area, and the Digital Agenda prioritises STEM education.

Scenario insights: In scenarios where EU integration is accelerated, Kosovo could leverage European education funds and teacher exchanges to raise standards. For instance, rapid accession might bring more Erasmus-type programmes to narrow the 'output' gap with the EU. In a slower path, brain drain could intensify, limiting the domestic skill base. Our scenario framework shows that with the current pace of education-system developments, Kosovo will not converge under any scenario.

Policy assessment and reform outlook: The education system must be further redesigned to focus on learning outcomes. For example, curricula and teacher training should be overhauled to develop critical thinking and ICT skills. Introducing more robust vocational training linked to industry needs is a priority, as is strengthening quality assurance. Trade-offs include balancing investment in rural versus urban schools due to current trends of internal migration (from rural to urban areas). An institutional reform priority is to improve data collection and to empower local education authorities.

GOVERNANCE

Key Findings: Governance in Kosovo shows mixed progress but significant shortcomings. Formal structures (e.g. independent courts, audit institutions and anti-corruption agencies) exist, but effective rule of law and transparency are weak. Kosovo is still at an early stage of preparation in terms of judicial reform and has made only limited progress. High-level corruption and politicisation remain concerns. Public administration reform has stagnated; a strategy is in place but poorly implemented, and many civil service oversight bodies lack capacity.

Policy context and reform developments: Kosovo has adopted key reform blueprints (e.g. the Rule-of-Law Strategy 2021-2026), but follow-through is weak. The government has instituted an Office for Good Governance to coordinate reforms, and some e-governance tools have been introduced. The judiciary suffers from political interference and an understaffed prosecution.

Link to EU conditionality and regional frameworks: Good governance is central to EU accession. Opening the remaining clusters is conditional on rule-of-law reforms contained in the 'Fundamental' cluster. Kosovo's Stabilisation and Association Agreement (SAA) obliges it to combat corruption and reinforce independent institutions. The EU's latest annual reports stress the need for merit-based appointments in the judiciary and strengthened anti-corruption enforcement. Regionally, governance reforms are tied to frameworks like the

Berlin Process. In addition, as a CEFTA member, Kosovo must ensure open markets through impartial competition policy – as misalignments here can hurt businesses. Similarly, Energy Community obligations force regulatory oversight of the energy sector. Selective implementation of these rules delays convergence.

Scenario Insights: Under the full EU integration scenario, governance reforms would be driven by external accountability and funding incentives. This could translate into, for example, higher rates of prosecuting corruption and implementing merit-based civil service training. In a slower or stagnation scenario, Kosovo risks entrenching patronage, and the converge2eu model shows that institutional quality gaps with the EU may widen with delayed reforms.

Policy assessment and reform outlook: Kosovo should continue pursuing its National Reform Agenda with greater intensity. Persistence is needed on judicial vetting and on making key oversight bodies operational (e.g. fully staffing the civil service board). Policies to redesign include simplifying administrative procedures and accelerating public administration rationalisation. New reform priorities include strengthening independent rule-of-law institutions and improving e-government services to reduce opportunities for corruption. Horizontal linkages are crucial, as better governance supports health and education reforms by ensuring that resources are used effectively. Stronger data governance is also needed to guide evidence-based policies.

ENVIRONMENT

Key findings: Environmental performance is weak and, by many measures, deteriorating. The converge2eu data highlights environment as one of the most critical concerns. Air- and water-pollution levels are high, and landfill and waste management are inadequate. These factors result in health threats and damage quality of life. Compared to the EU, Kosovo’s environmental standards and enforcement capacity are far below the benchmark, implying a large convergence gap.

Policy context and reform developments: Kosovo has comprehensive energy-, environment- and climate-related strategies, but implementation has been slow. Legislation exists, but enforcement is weak. Air quality is a severe problem, especially in Prishtina. Although air quality is monitored, pollution from traffic, coal and waste-burning remains high. Water pollution and deforestation are also concerns, with wastewater treatment being very limited. In short, there are many laws and strategies, but limited progress has been made on the ground.

Link to EU conditionality and regional frameworks: In terms of environment, Kosovo is only at an early stage of preparation and has made limited progress. Specific EU directives on air quality, waste, water protection and climate change must be transposed and enforced. The Green Agenda for the Western Balkans requires Kosovo to implement measures like carbon-pricing and renewable-energy targets. Kosovo is also a member of the Energy Community, obliging it to reduce pollution from energy sectors, which is tied to requirements to upgrade coal-fired power plants or replace them with cleaner sources.

Scenario insights: An integration scenario would likely mobilise substantial EU funding and technical assistance for green projects. For instance, investment in renewables and waste infrastructure would accelerate, improving indicators like particulate pollution faster than in a non-integrated scenario. Without EU anchoring, environmental degradation might continue quickly, further diverging from the EU benchmark.

Policy assessment and reform outlook: Kosovo must urgently step up environmental reforms. Policies that should be deepened include enforcement of the 'polluter pays' principle and completion of the environmental regulatory framework (e.g. fully operational pollution permits, liability rules, etc.). The Decarbonisation Strategy should be approved, fully funded and implemented. New priorities should include a clear roadmap for meeting the Green Agenda's targets, including more public investments in renewables, energy efficiency and waste management. Strengthening institutions is key, and more resources must go to the Environmental Inspectorate and local authorities.

DIGITALISATION

Key findings: Digitalisation is a relative strength for Kosovo. Internet access and penetration are extremely high; about 99% of households have internet, which exceeds the EU average. Mobile-phone and broadband penetration are similarly strong. However, the digitalisation of public services lags, with only around 10% of public services being fully online, mostly for information rather than transactions.

Policy context and reform developments: Kosovo has proactively adopted digital strategies. An e-Government Development Strategy 2023-2027 and a National Digital Agenda 2030 set out plans for 5G rollout, cybersecurity and e-services. Several e-platforms exist for public services (e.g. the 'e-Kosova' portal). On the human-capital side, some curricula now include ICT skills and IT startup incubators have emerged.

Link to EU conditionality and regional frameworks: Kosovo has aligned its telecom laws with the EU acquis, and it participates in the EU-backed 'Digital Western Balkans' initiative, which focuses on cross-border telecom infrastructure in the region. The Western Balkans Growth Plan identifies digital economy as a priority, and Kosovo aims to benefit from such a framework.

Scenario insights: A high-convergence scenario would likely see Kosovo leverage its digital strengths to leap ahead. For example, e-commerce and online services could boom with full EU market access. The steady improvement seen suggests that, with continued reforms, Kosovo might approach EU parity in few years. Sustained investment is key to keeping Kosovo's digitalisation trend on its current upward path.

Policy assessment and reform outlook: Kosovo should continue its push on digital infrastructure and services. Critical steps include completing the nationwide fibre-optic network, upgrading public-sector ICT systems, and investing more into and improving e-government services. In addition, policy interventions to further accelerate the digitalisation of the private sector should be expanded. Cybersecurity policy should be deepened, while the Digital Agenda 2030 should be fully funded and implemented. Digitalisation links horizontally with all sectors; for example, e-health records benefit health policy, online portals reduce administrative burdens, and e-learning tools support education. Maintaining this strength will significantly aid Kosovo's overall convergence trajectory.

INFRASTRUCTURE

Key findings: Kosovo's infrastructure is underdeveloped relative to EU norms. Transport networks are incomplete, and only one major highway links it to Albania and another to North Macedonia. These deficits hinder economic activity and quality of life, illustrating a broad convergence gap.

Policy context and reform developments: Several infrastructure projects have made some progress. Besides the investments in highways, the northern rail extension (known as 'Rail Route 10') is under construction and expected to significantly increase both passenger- and freight-transport capacity. In energy, the electricity grid has been upgraded, although power generation still relies on ageing coal-fired power plants. Project execution is often slow due to financing gaps (some projects rely on donor funding) and limited construction capacity.

Link to EU conditionality and regional frameworks: Infrastructure convergence is strongly tied to EU and regional frameworks. As a candidate, Kosovo must transpose parts of the Trans-European Transport Network (TEN-T) acquis. Currently, it has some level of preparation but limited progress. In parallel, the Connectivity Agenda under the Berlin Process provides an essential platform for advancing transport infrastructure, promoting cross-border linkages and facilitating deeper regional economic integration. Kosovo's participation in the Transport Community further supports this process by improving planning, implementation and governance of priority transport routes.

Scenario insights: If full EU integration proceeds, Kosovo would likely access large infrastructure funds and enter the EU's connectivity projects, accelerating convergence. For example, the high-convergence scenario might quickly extend TEN-T links through Kosovo, boosting trade. converge2eu's scenarios show that infrastructure distances to the EU shrink under the accelerated scenario.

Policy assessment and reform outlook: Continue and expand priority infrastructure projects while ensuring sound implementation. Key policies include more public investments as well as public–private partnerships for roads and energy in addition to maintenance funding for existing infrastructure. New priorities involve expanding renewable energy grids in line with environmental goals. Improved transport corridors will facilitate economic growth and social connectivity, while sustaining infrastructure spending will be essential to close Kosovo's remaining gaps.

3. Conclusions and Policy Recommendations

Kosovo faces a protracted convergence challenge, with partial progress towards EU living standards. Economic catch-up remains slow, while several key social and development indicators are diverging rather than improving. These persistent gaps show deep structural challenges in institutional capacity and investment. On the positive side, Kosovo also shows notable opportunities. Digitalisation is a bright spot, since internet penetration has essentially converged with Europe. Furthermore, performance of the social pillar – especially inequality indicators – appears comparatively strong. This mixed picture of partial convergence and selective divergence calls for urgent, coordinated action to accelerate Kosovo's EU-alignment trajectory. The following recommendations are addressed to key stakeholders and aim to accelerate Kosovo's trajectory towards faster economic and institutional convergence.

a.) National policy and decision makers

Strengthen institutional capacities and coordination. Accelerate public administration and governance reforms to bolster institutional capacity and inter-agency coordination. Streamlining Kosovo's fragmented bureaucracy and improving policy coherence will help to close policy gaps. Governments should establish clear accountability mechanisms (e.g. inter-ministerial 'convergence task forces') to ensure that EU-aligned reforms are implemented effectively across sectors.

Industrial policy to transform the economy. Revise the existing industrial policy to more effectively support structural transformation towards higher-value-added activities, higher productivity and stronger export competitiveness, with public support being explicitly linked to measurable performance outcomes.

Prioritise critical sectors with EU-aligned reforms. Focus on reversing divergence in education, health and infrastructure through targeted investment and reform. This could include substantially increasing education and health funding to improve quality and outcomes in both sectors as well as launching multi-year infrastructure programmes to upgrade roads and energy systems. Each reform should be anchored in EU standards so that progress directly contributes to EU convergence.

Expand care services to reduce gender gaps. Expand affordable childcare facilities to enable higher female labour force participation. Introduce more balanced family policies, including incentives for flexible work arrangements.

Improve environmental outcomes. Environmental and energy reforms must be accelerated through stronger pollution control, improved waste management, expanded renewable energy investment and enhanced energy efficiency to support decarbonisation and health outcomes.

Accelerate e-government services. e-government should be expanded to improve service delivery and transparency by digitalising key administrative procedures, reducing bureaucratic burdens (especially for businesses), and strengthening accountability through better data integration and interoperability across institutions.

Enhance regional cooperation. Kosovo must leverage and champion regional initiatives to amplify national efforts. Closer cooperation under frameworks like CEFTA and the Common Regional Market (CRM) can expand market size and mobility, helping to address Kosovo's small economic base. Joint infrastructure projects and knowledge-sharing through the Regional Cooperation Council (RCC) will improve economies of scale and alignment with EU practices.

b.) EU Institutions and Member States

Align support with convergence results. EU bodies should explicitly tie accession support and conditions to measurable convergence outcomes. This means prioritising funding and technical assistance towards areas with the largest gaps (e.g. education, infrastructure and environment). Tools like converge2eu can support this by providing comparable convergence indicators and regular monitoring to track progress across the WB6 economies. Tracking progress against convergence indicators will ensure that EU conditionality drives tangible socioeconomic catch-up rather than box-ticking.

Include the Western Balkans in the EU budget. Bold steps are needed to narrow the region's development gap. Simulations suggest that mere access to EU budget instruments could significantly shorten Kosovo's income-convergence timeline. A dedicated 'WB6 convergence facility' under the next EU budget would fast-track big-ticket investments – from modernising the road network to upgrading hospitals – which would bring critical infrastructure and services closer to EU standards.

Fast-track infrastructure and green financing. The European Commission and the European Investment Bank (EIB) should accelerate financing for connectivity and green transition projects. This could involve front-loading the Western Balkans Connectivity Agenda with additional grants and guarantees to immediately begin closing infrastructure gaps, combined with targeted technical assistance to strengthen absorption capacities. Quick wins (e.g. completing highway links, expanding renewable-energy capacity and boosting energy efficiency) would yield both economic and environmental convergence.

Deepen member state partnerships. EU member states should individually champion Kosovo's convergence. This can include twinning programmes (e.g. pairing Kosovo's institutions with EU counterparts to mentor and build capacity), targeted investment and mobility partnerships. Such bilateral efforts will complement EU programmes, and a coordinated push by leading member states can further open markets for Kosovo's exports and increase FDI, both of which would essentially accelerate convergence.

c.) Regional and International Organisations

More active role of regional bodies in coordinating convergence efforts. Organisations like the RCC should keep promoting convergence across the Western Balkans. RCC, together with complementary initiatives (e.g. converge2eu), should create stronger synergies to enhance the monitoring and support of regional convergence by establishing regular, evidence-based assessments that systematically track progress across the WB6, thereby fostering peer pressure and knowledge exchange among WB6 governments. Likewise, CEFTA should deepen market integration by fully functionalising its dispute-settlement mechanism and removing the remaining trade- and labour-mobility barriers, which will help smaller economies like Kosovo to achieve economies of scale and faster productivity catch-up.

Leverage Energy Community and Green Agendas. The Energy Community and other regional frameworks must intensify their support for Kosovo's energy transition, given large gaps in efficiency and renewables. Stricter enforcement of energy acquis requirements, combined with technical assistance, can help Kosovo to reverse its diverging energy-intensity trend. Regional energy and environment programmes (e.g. the WB Green Agenda, which is aligned with the EU Green Agenda) should prioritise Kosovo for pilot projects, such as cross-border renewable-energy investments, to cut the convergence gap in clean energy adoption.

Targeted funding and advice from IFIs. International financial institutions – such as the European Bank for Reconstruction and Development (EBRD), the World Bank (WB) and the International Monetary Fund (IMF) – should align their support with convergence objectives. This means channelling more financing into Kosovo's underperforming sectors and tying loans or grants to clear reform milestones. Close coordination among donors and regional organisations will ensure that efforts are complementary and collectively move the needle on Kosovo's EU alignment.

d.) Civil Society Organisations and Think Tanks

Engage in accountability through convergence tracking. Civil society organisations (CSOs) should play a watchdog role by monitoring reform implementation and outcomes. Independent NGOs and research institutes can establish 'convergence observatories' that publish regular scorecards on Kosovo's progress in closing gaps. Publicising facts (e.g. 'Kosovo's PISA scores remain only at roughly 74% of the EU average' or 'Kosovo's gender equality gap is barely 26% of EU levels') can spur public pressure on officials to act faster. Regular, data-driven reporting will enhance transparency and accountability for policy results.

Promote evidence-based debate and policy input: Think tanks and civil society in general must foster an informed public dialogue on convergence strategies. By conducting rigorous analysis (e.g. investigating why certain indicators are diverging), they can provide evidence on which policies work and which don't. These findings should be communicated in accessible briefs and forums, sparking debate and guiding decision makers. For example, local research on the causes of declining educational attainment can inform targeted interventions and bolster the case for greater investment in education.

Strengthen outreach efforts and deepen advocacy activities. Civil society organisations should intensify their efforts to engage citizens in the reform agenda. This can include advocacy campaigns explaining how EU-aligned changes directly benefit the public, thereby building support for sometimes difficult reforms. Grassroots initiatives – from town hall meetings on local infrastructure needs to social media campaigns highlighting successes in digital services – will keep convergence goals in the public consciousness.

Strengthen regional networks and collaborative platforms. CSOs and think tanks should form regional knowledge networks to share best practices and amplify their impact. Western Balkans-wide advocacy platforms can present a united front in efforts to urge faster convergence. Collaborative projects run by NGOs or a cross-border research study on governance will not only spread innovation but also demonstrate the societal readiness of the Western Balkans for EU integration. By uniting across borders, civil society can press both national governments and EU partners to keep the convergence of Kosovo and its neighbours high on the policy agenda.

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 pp (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 coun9try, compared with the corresponding EU average.
Example: If the average monthly wage in Albania is EUR 1,150 and the average monthly wage in the EU is EUR 3,000, then Albania'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.

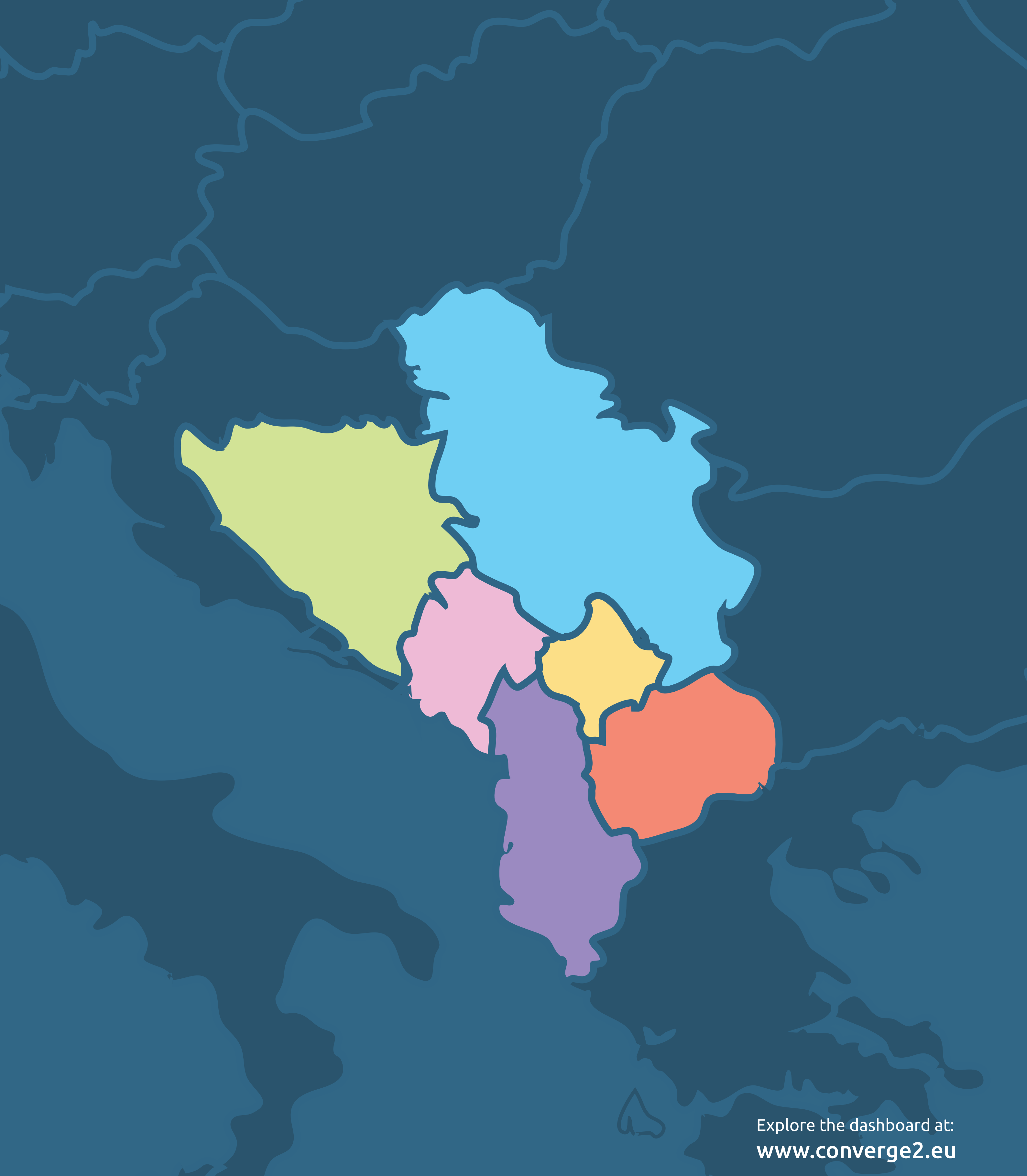
Rate of change over the past five years: calculated as the average of the year-on-year changes in the overall pillar's value measured as a percentage of the EU average over the last five years.
Example: If Bosnia and Herzegovina's Education pillar changed by +0.5, +5.6, +0.2, +0.8 and +1.0 pp, the five-year 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.



Explore the dashboard at:
www.converge2.eu

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