KOSOVO



COUNTRY ASSESSMENTS

HIGHLIGHTS

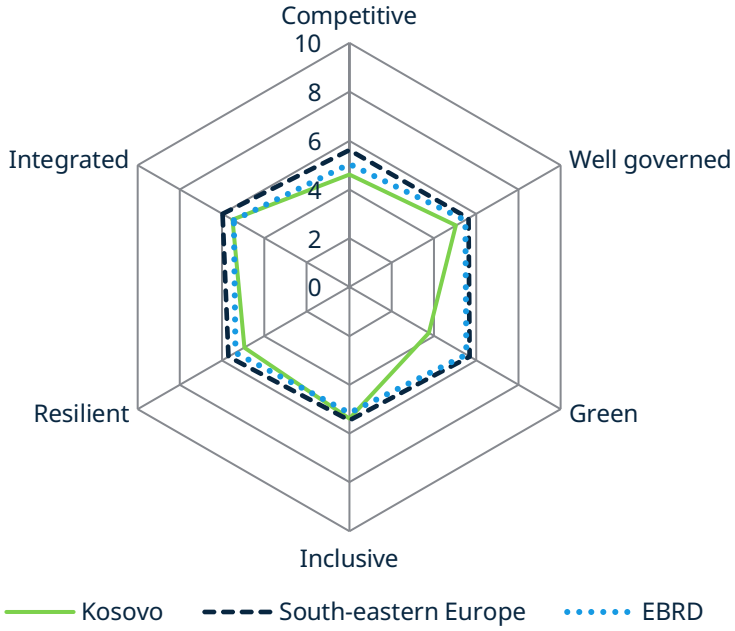
- **Kosovo's macroeconomic performance remains solid.** Growth strengthened markedly in early 2026, supported by broad-based activity, but inflation remained elevated. Fiscal buffers are adequate, with low public debt, although weaker spending discipline and a rise in recurrent pressures pose medium-term risks.
- **Implementation of the European Union (EU) Growth Plan resumed in 2026 following parliamentary ratification of the Facility and Loan Agreements.** The reform agenda provides an important framework for policy delivery, although the timetable remains demanding and continued access to EU financing will depend on the timely completion of agreed reform steps.
- **Progress was also recorded on green energy and digitalisation.** Construction began on Kosovo's first contracts for difference (CfD)-backed utility-scale solar plant and the country launched its first wind auction. The E-Kosova 2.0 platform upgrade is expected to expand digital public services, with implementation capacity remaining an important factor for delivery.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Restore predictable reform execution under the EU Growth Plan.** Kosovo needs to strengthen central coordination, rapidly establish and operate monitoring arrangements, and ensure the timely delivery of legislative and institutional benchmarks in governance, rule of law, digitalisation, human capital and private-sector development to avoid losing access to conditional EU financing.
- **Ensure fiscal policy supports investment without adding to inflationary pressures.** Kosovo should preserve its low-debt advantage by improving public investment management, prioritising externally financed infrastructure and reform-linked spending, and avoiding recurrent measures that weaken buffers. Strengthening tax administration, fiscal-risk monitoring and public-enterprise oversight would help sustain stability.
- **Accelerate the green and inclusive transition to advance convergence.** Priorities include moving renewable energy auctions from award to implementation, rehabilitating and modernising transmission networks, advancing energy efficiency, expanding vocational education and active labour-market measures, and improving the labour-market participation of women and young people. These reforms would reduce energy vulnerability while broadening the base of productivity-led growth.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

EU Growth Plan

- Kosovo's February 2026 ratification of the EU Facility and Loan Agreements unlocked its €882.6 million Reform and Growth Facility allocation, with €61.8 million in pre-financing starting to flow in April 2026 through the budget and the Western Balkans Investment Framework.

1 From the fourth quarter of 2025 to October 2026.

- Following ratification, Kosovo's focus has shifted to implementing 111 reform steps, with 13 actions due by June 2026 and 27 more by the end of the year.

Administrative Court

- The court, which began operating in May 2026, functions as a specialised court of first instance, handling administrative disputes nationwide, including public-sector labour cases and disputes involving public authorities.
- This reform is expected to strengthen legal certainty, judicial oversight and investor confidence, although the court starts with a sizeable backlog of transferred cases.

Open Government Partnership (OGP) Action Plan

- This cross-cutting executive milestone, adopted in April 2026, aims to improve governance, transparency and digitalisation through five key commitments: the E-Komuna platform upgrade, financial disclosures, anti-corruption efforts, data integration and service standardisation.
- Kosovo's OGP commitments aim to increase transparency, accountability and citizen engagement by upgrading municipal portals, strengthening the publication of public financial data, and making anti-corruption information available in open, machine-readable formats.

Spatial planning framework assessment

- Kosovo is reviewing its outdated territorial management legislation to inform the drafting of a new law on spatial planning.
- The reform aims to bring planning governance closer to European standards while supporting more climate-sensitive urban development.

Renewable energy projects

- In July 2026 Kosovo started construction of the 105 MW Lindja solar plant, its first 15-year CfD-backed renewable project, securing solar power at €48.88/MWh under a turnkey contract with a foreign investor.
- The first 100 MW wind auction progressed to the "request for proposals" phase, with final bids accepted through May 2026 and three international groups shortlisted for a long-term power purchase agreement-backed project.

E-governance overhaul

- The E-Kosova 2.0 platform project, initiated in May 2026, will add 400 new administrative e-services, artificial intelligence (AI)-based functions and stronger platform security, making public services faster, more accessible and easier to use for citizens and businesses.
- The broader government platform should support the integration of public administration systems, thereby improving coordination, reducing the administrative burden and enabling more data-driven planning and policymaking.