

North Macedonia 2030: Balancing Domestic Reform with a Constrained EU and Expanding BRICS

CEA team, February 2026



Proactive domestic reforms are the most reliable path for long-term economic growth, social inclusion, and environmental sustainability, even in a context of EU limitations.

For the rent-seeking establishment, the findings show that reform expands influence and revenue potential rather than diminishing it, while Business as Usual scenario exposes the country to stagnation, fiscal vulnerability, and reduced international leverage.

This analysis was supported by advanced artificial intelligence tools to enhance data processing efficiency and analytical consistency. All interpretations, conclusions, and final validations were conducted by the authors

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Executive summary

This analysis presents North Macedonia's projected socio-economic outcomes in 2030 under three distinct pathways: Business-as-Usual (BAU), a Proactive Strategy, and an EU-path under a constrained EU. The scenarios highlight the interplay between domestic reform, external support, and geopolitical positioning, illustrating the costs and opportunities of each trajectory.

- **BAU (65–70% probability):** The rent-seeking establishment dominates, sustaining political and economic inertia. Growth stagnates, inequality remains moderate-to-high, fiscal deficits and public debt persist, social programs are underfunded, and the carbon footprint remains elevated. Continued reliance on BRICS financing reinforces short-term liquidity but limits long-term resilience.
- **Proactive Strategy (30–35% probability):** Targeted domestic reforms reduce elite capture, diversify the economy in IT, renewables, and tourism, improve social welfare coverage, stabilize public finances, and support energy transition. GDP growth accelerates, FDI inflows increase, and institutional credibility rises, demonstrating that even without full EU membership, strategic domestic action can yield sustainable outcomes.
- **EU-path (constrained EU):** Engagement with EU-driven reforms provides growth and reform benefits, but EU introspection, fiscal constraints, limited resources, and stricter conditionality slow progress. Improvements in social welfare, fiscal stability, and environmental sustainability are partially realized, highlighting that EU alignment is beneficial but moderated by external limitations.

The risk-adjusted table underscores that proactive domestic reforms are the most reliable path for long-term economic growth, social inclusion, and environmental sustainability, even in a context of EU limitations. For the rent-seeking establishment, the findings show that reform expands influence and revenue potential rather than diminishing it, while BAU exposes the country to stagnation, fiscal vulnerability, and reduced international leverage.

Introduction

North Macedonia stands at a critical crossroads in its European path, as the traditional pull of EU membership is increasingly questioned. Despite numerous concessions—changing its flag, adopting a new name, revising the constitution, and implementing extensive reforms—the country has seen EU promises delayed or partially fulfilled, fueling frustration and skepticism. At the same time, emerging alternatives such as the BRICS countries offer potential economic and diplomatic alternatives, providing North Macedonia with new strategic options and amplifying the sense that integration with the EU is no longer the only path to regional stability and development.

Looking ahead, North Macedonia's European path will depend on both sustained domestic reforms and strategic engagement with EU institutions and member states. Key challenges remain in strengthening judicial independence, fighting corruption, ensuring media freedom, and deepening inclusive governance, while regional diplomacy and good-neighborly relations continue to be essential. Given delays in EU accession and growing alternative opportunities, such as partnerships with BRICS countries, the country faces multiple possible trajectories. The scenarios analyzed in this paper explore these different paths—ranging from gradual EU integration to diversified international alignment—highlighting how North Macedonia's choices today could shape its political, economic, and social landscape over the coming decade.

Various scenarios will be designed for North Macedonia in this paper. The assumptions underlying each scenario will be presented transparently to ensure readers can clearly understand the basis of the analysis.

In developing these assumptions and interpreting the resulting findings, the team at the Center for Economic Analyses (CEA) has been supported by advanced artificial intelligence tools to enhance data processing efficiency and analytical consistency. All interpretations, conclusions, and final validations were conducted by the authors. This approach ensures both transparency and accountability, while leveraging AI as a tool to support rigorous, evidence-informed scenario planning.

The findings and analysis presented in this paper are intended for informative purposes, to stimulate debate, and to challenge the assumption that North Macedonia's EU membership is automatic or predetermined. Estimations should be considered with high precautions.

For the European Union, North Macedonia offers strategic advantages: it strengthens regional stability in the Western Balkans, contributes to economic integration and new markets, and enhances the EU's credibility as a promoter of democracy, rule of law, and minority rights in its neighborhood. Finally, EU membership would deepen political, security, and diplomatic cooperation, reinforcing the Union's influence and cohesion in Southeastern Europe. However, EU now is into introspection, they need to reform, they face high public debt to GDP, no access to Russian energy, high competition from BRICS, their political elite are not proactive in the multipolar World and they lack the political will for EU expansion. Thus, the EU is introspective, constrained, and less able to drive enlargement or support neighbors

In this paper in the beginning, we present the relevant historical background of North Macedonia since independence in 1991 in order to give the socio-economic and political context so that the reader understands better the assumptions behind the developed scenarios.

One of the most challenging assumption that holds behind each scenario is the constant assumption of a “rent seeking establishment” practically running the country socio-economic, media and political life. By establishment we consider: "Behind our democracy lurks a powerful but unaccountable network of people who wield massive power and reap huge profits in the process"¹.

Relevant historical background

North Macedonia gained its independence on September the 8th, 1991. Macedonian currency was issued in the form of coupons with an exchange rate of 1:1 between the Yugoslav dinar and the Macedonian denar on 26 April 1992. At that time, the inflation rate was growing by two digits per month (by the end of 1993 it was already 229.6%) and a fixed exchange rate regime was selected to stabilize the economy (Markovic and Nikolov 2013²). From 10 May to 30 November 1993, the substitution of coupons for banknotes took place. On 8 April 1993, Macedonia became a member of the UN. Accordingly, it became a member of the World Bank in March 1993 and a member of the International Monetary Fund in April 1993. In 1994, the inflation rate at the end of the year was 55.4% and it was 9.2% in 1995. Macedonian privatization started in 1993 with the Law on the Transformation of Enterprises with Social Capital (Official Gazette of the Republic of Macedonia, no. 38/93). The transition in Macedonia was not fair and not efficient (like in other transitional countries) has led to a U-shaped response of output and generated many losers of transition that are still accounted as unemployed in the labor market.

After gaining independence in 1991, the country made EU integration a central strategic goal, seeking to harmonizing its institutions, economy, and legal framework with EU standards. Landmark achievements included the Stabilisation and Association Agreement in 2001 and the formal candidate status granted in 2005. However, the path has been repeatedly slowed by disputes and blockages, most notably the naming issue with Greece, which was resolved in 2019 through the Prespa Agreement, opening the door to EU accession talks. The blockage cost to North Macedonia by Greece based on Ministry of Finance data was estimated to around 14% of the annual GDP of Macedonia for that period. Note that the effects of the lost markets and other long run economic effects were not considered in these calculations.

Bulgaria has also repeatedly blocked North Macedonia's EU accession talks, citing concerns over historical interpretations, language, and minority rights. In September 2022, the two countries signed a bilateral agreement aimed at addressing these issues, committing North Macedonia to recognize shared history and protect the Bulgarian minority, which allowed EU negotiations to resume under a structured roadmap.

The Kosovo crisis of the late 1990s and NATO's bombing campaign against the Federal Republic of Yugoslavia in 1999 had a direct impact on North Macedonia, which experienced a large influx of Kosovar refugees seeking safety. In 2001, the country faced an armed insurgency by ethnic Albanian groups, partly fueled by tensions across the border in Kosovo,

¹ See more: Owen J. (2014): The Establishment: And how they get away with it; Allen Lane (an imprint of Penguin Books).

² See more in Markovic N. and Nikolov M. (2017): Aspects of the name dispute between Macedonia and Greece: Symbols, conflict and economic costs, CEA Journal of Economics Vol 2(2): Approached on 14th of February 2026:

<https://journal.cea.org.mk/index.php?journal=ceajournal&page=article&op=view&path%5B%5D=121&path%5B%5D=112>.

while UNMIK and NATO forces in Kosovo were seen as protective of Kosovo Albanians, leaving Macedonian authorities feeling constrained in managing the conflict. Although the Ohrid Framework Agreement of 2001 formally ended the conflict and established power-sharing arrangements between ethnic Albanians and Macedonians, granting Albanians greater political rights and representation, grievances still persist, demonstrating that full institutionalization and social reconciliation remain an ongoing challenge even more than two decades later.

Alongside political context, North Macedonia has pursued reforms in rule of law, public administration, and economic governance, though progress has been uneven and sometimes constrained by limited administrative capacity and political polarization.

The scenarios

Business as usual versus proactive political establishment

In the following table are presented **Business-as-usual (BAU) scenario** which means nothing changes and we continue as a country to develop the way we do so far. The other scenario is the **Proactive scenario** where the establishments decided that the BAU scenario is not sustainable and that something needs to change. Exactly what should be changed we give a hint with the assumptions presented in the Comments/Risk Notes column of the table. Note that the Proactive scenario is still not a scenario of putting North Macedonia on the EU path but it is a scenario where the rent seeking establishment decides that there must be “something changing” in the country.

Table. “Business-as-Usual” (BAU) versus “Proactive Strategy Implemented Scenario”, taking into account political constraints in the Balkans and limited EU membership prospects. Focus on economic, fiscal, and governance outcomes, and risks from neighboring interference.

| Dimension | Scenario 1: BAU / Zero Option | Scenario 2: Proactive Strategy Implemented | Comments / Risk Notes |
|---|--|---|--|
| GDP per capita | Low growth (1–2%/year), stagnation | Moderate growth (3–5%/year) via niche sectors (IT, renewable energy, tourism) | Growth constrained by lack of EU integration; |
| Economic Diversification | Limited: dependence on remittances, basic services | Moderate: IT, agri-tech, niche manufacturing, high-value tourism | Diversification requires targeted investment; regional tensions may delay projects |
| Fiscal Transparency & PFM | Status quo: weak municipal planning, corruption persists | Strengthened MTBF, capital investment planning, e-procurement, Fiscal transparency improved | Gains in credibility but political resistance may slow reforms |
| Foreign Investment | Limited FDI, cautious donors | Targeted FDI in niche sectors; EU IPA, WB projects leveraged | Bulgaria/Greece issues, geopolitical risk may reduce inflows |
| Public Infrastructure & Capital Investment | Aging infrastructure; low maintenance | Focused investments via municipal creditworthiness and project appraisal tools | Requires strong local PFM to avoid misallocation |
| Social Welfare Coverage | Basic, inefficient | Incremental improvement through better fiscal planning | Gains limited by fiscal space; dependent on donor alignment |

| Dimension | Scenario 1: BAU / Zero Option | Scenario 2: Proactive Strategy Implemented | Comments / Risk Notes |
|------------------------------------|--|--|--|
| Regional Integration | Minimal, reactive | Strategic bilateral agreements; selective cooperation with CEFTA neighbors | Greece/Bulgaria disputes complicate trade corridors |
| Political Governance & Credibility | Low; corruption persists; weak institutions | Moderate; visible results in transparency and service delivery | Political establishment may resist; requires careful messaging to avoid backlash |
| Resilience to Shocks | Low: fiscal, climate, energy vulnerabilities | Medium: scenario planning, fiscal stress-testing, local capacity building | External shocks (energy prices, regional instability) still significant |
| Strategic Outlook | Marginalization in the region; brain drain | Slowly rising credibility and economic resilience; niche global relevance | Progress incremental, requires persistent reform discipline |

This table **doesn't assume EU membership or political goodwill from neighbors**, but shows how North Macedonia can still **create a niche-driven, resilient strategy** that improves socio-economic outcomes and fiscal credibility even in a constrained environment if it pursues own proactive reform agenda.

Messages to the rent seeking establishment

Next, we present arguments to the existing rent seeking establishment so that they understand that the situation with BAU is not sustainable and that the country needs to move at least to “proactive strategy scenario” if not to sincere EU path.

If the current establishment benefits from **BAU**, then the messaging must **appeal to their interests** without immediately threatening their power. A structured approach to inform them can be:

| Messaging Focus | How to Frame It | Why It Works |
|----------------------------------|---|--|
| Profit & Sustainability | “BAU profits are temporary; without reform, the fiscal and economic environment will shrink, reducing long-term personal and institutional gains.” | Shows that BAU benefits are short-lived; reform preserves wealth. |
| Reputation & Legacy | “By adopting the Proactive Strategy, you ensure international credibility, donor confidence, and historical recognition as reformers, not obstructionists.” | Appeals to ego and desire for recognition — non-monetary incentive. |
| Risk Avoidance / Survival | “Continuing BAU exposes the country and your positions to economic shocks, donor disengagement, and growing social pressure.” | Shows staying passive has real costs — creates urgency. |
| Selective Incentives | “Targeted reforms will unlock FDI, EU IPA funds, and regional partnerships, which can finance projects that benefit your constituencies and local allies.” | Shows that reform can expand the pie, not just shrink BAU profits. |
| Institutional Strength & Control | “Modern PFM and MTBF systems reduce fiscal surprises while giving you better oversight of investments and revenues.” | Reframes reform as a tool for control , not just restriction. |
| Peer Benchmarking | “Neighboring countries implementing similar reforms have stabilized their public finances and increased growth — Macedonia risks falling behind if it stays BAU.” | Appeals to comparative advantage / fear of being left behind. |

Conclusion: Continuing business as usual may bring short-term gains, but it exposes North Macedonia to fiscal shocks, reduced investor confidence, and shrinking opportunities for strategic projects. By adopting a proactive strategy, you secure long-term revenue streams, attract targeted EU and donor funding, and strengthen your control over public finances —

turning reform into a tool that expands, rather than diminishes, your influence and legacy. The choice isn't between reform and profit; it's between sustainable growth with real leverage or gradual erosion of both."

Key Principle message: If we modernize, the **interests of the rent seeking establishment are aligned with ending BAU**, and proactive reforms unlocks new streams of revenue and influence **instead of reducing it**.

North Macedonia blocked by EU and the country gets closer to BRICS scenario

Table. Main socio-economic indicators for a scenario: BAU with EU blockade + pivot to BRICS versus a more proactive, reform-driven scenario.

| Indicator | Scenario 1 – BAU, EU Block / Pivot to BRICS | Scenario 2 – Proactive Strategy Implemented |
|--|--|---|
| GDP per capita (USD, PPP) | \$37,500 – limited foreign investment, continued dependence on BRICS financing, slower productivity growth | \$42,500 – increased FDI from diverse sources, EU alignment incentives, structural reforms, improved productivity |
| GDP growth (%) | 1.2% – stagnation due to EU blockade and limited market access | 4.0% – sustained growth driven by structural reforms, public investment, and diversified exports |
| Gini Index (Inequality) | 39 – moderate-high inequality, elite capture of foreign-financed projects | 31 – reduction in inequality via inclusive social programs and better public services |
| Unemployment (%) | 15% – youth and regional unemployment remain high | 8% – stronger job creation from SMEs, infrastructure projects, and PPPs |
| Fiscal deficit (% of GDP) | 5.0% – dependence on external borrowing, inefficient spending | 2.0% – improved budget discipline, MTBF framework fully operational, prioritization of capital investment |
| Public debt (% of GDP) | 70% – rising debt to BRICS, currency and refinancing risks | 45% – sustainable debt management, improved domestic revenue, better credit ratings |
| Carbon footprint (tCO ₂ per capita) | 8.0 – high reliance on coal and legacy industry; BRICS energy deals lock in emissions | 4.8 – major investments in renewables, energy efficiency, EU-aligned environmental standards |
| Social welfare coverage (% of population) | 50% – underfunded, fragmented social programs, limited targeting | 78% – expanded health, education, and social protection programs |
| FDI inflows (USD billion/year) | 0.7 – concentrated in politically-linked sectors | 2.5 – diversified across tech, green, and industrial sectors |
| Trade balance (% of GDP) | -2.5% – exports constrained by EU barriers, reliance on BRICS imports | 1.5% – diversified export markets, improved competitiveness |

The table demonstrates that domestic will for reforms might drive the country to a better sustainable economic development if EU blockage of the country continues.

Probabilities for the occurrence of the two scenarios

Table. Based on scenario setup and North Macedonia's political-economic context, here is **probabilistic assessment** of the country evolving toward either scenario by 2026–2028:

| Scenario | Probability | Rationale / Factors |
|--|-------------|--|
| Scenario 1 – BAU: EU blockade + pivot to BRICS | 65–70% | • Political inertia: The current establishment benefits from status quo rents (control over public resources, patronage, extra profits from existing inefficiencies). |

| Scenario | Probability | Rationale / Factors |
|--|-------------|---|
| | | <ul style="list-style-type: none"> • EU skepticism & regional tension: Bulgaria's historical blocking, Greece's Prespa issues, plus potential meddling from Albania and Serbia make EU alignment difficult. • Economic necessity: BRICS financing offers short-term liquidity and infrastructure funds, which can be politically convenient. • Institutional weakness: Corruption, weak enforcement of reforms, and low capacity in public administration favor continuation of BAU. |
| Scenario 2 – Proactive Strategy implemented (reforms, diversified FDI, MTBF, EU-aligned policies) | 30–35% | <ul style="list-style-type: none"> • External incentives: EU, IMF, World Bank technical assistance and conditional financing could push reforms forward. • Strategic vision champions: If reform-minded elites or technocrats gain political influence, some structural change is feasible. • Socio-economic pressure: Rising unemployment, inequality, and fiscal unsustainability could force a shift. • Implementation risks: Entrenched political and bureaucratic resistance could slow or block reform, limiting probability. |

Reasons for these estimates:

1. **Political economy logic:** Based on decades of Macedonia's governance patterns and elite incentives, BAU has a structural advantage due to entrenched rent-seeking.
2. **External pressure factors:** EU and multilateral actors can raise the probability of reforms, but historical EU access issues and regional frictions reduce effectiveness.
3. **Economic leverage:** Access to BRICS capital makes BAU feasible even under EU isolation, making Scenario 1 more likely.
4. **Reform feasibility:** Scenario 2 requires strong coordination, technocratic leadership, and multi-year commitment — low-to-moderate probability given current institutional constraints.

Summary: BAU dominates ($\approx 2/3$ chance) because political and institutional incentives favor continuity, while a proactive reform path is possible but requires concentrated effort and rare political will ($\sim 1/3$ chance).

Albania, Montenegro are on EU path and North Macedonia stays at BAU path scenario

Table. Comparative table for North Macedonia (BAU scenario), Montenegro, and Albania (EU-path scenario) with economic and social indicators for 2030

| Indicator | North Macedonia – Scenario 1 (BAU, EU Block / Pivot to BRICS) | Montenegro – Scenario 2 (Proactive, EU-path) | Albania – Scenario 2 (Proactive, EU-path) |
|--|--|---|--|
| GDP per capita (USD, PPP) | \$34,200 – slow structural modernization, continued reliance on BRICS financing, limited tech adoption | \$43,200 – strong FDI inflows, full alignment with EU standards, improved productivity | \$29,800 – sustained FDI growth, EU integration support, gradual productivity gains |
| GDP growth (%) | 1.2% – stagnation persists, external risks, EU blockage continues to limit market access | 4.0% – steady growth driven by reforms, diversified export markets, EU incentives | 3.6% – steady growth via EU-aligned reforms, industrial expansion, better investment climate |
| Gini Index (Inequality) | 39 – moderate-high inequality, benefits of foreign-financed projects captured by elites | 30 – continued reduction in inequality via inclusive social programs and improved public services | 32 – modest reduction in inequality, targeted welfare and better governance |
| Unemployment (%) | 15% – youth and regional unemployment remain high, limited private sector dynamism | 8% – sustained job creation through SME support, infrastructure, PPPs | 9% – gradual absorption into growing service and industrial sectors |
| Fiscal deficit (% of GDP) | 5.0% – reliance on external loans persists, inefficient spending | 2.0% – disciplined budget, MTBF framework fully operational, capital investment prioritized | 2.5% – improved fiscal planning, moderate borrowing for infrastructure projects |
| Public debt (% of GDP) | 70% – rising debt, heavy exposure to BRICS loans, refinancing risks | 40% – sustainable debt profile, strong domestic revenue, EU-backed financing | 45% – manageable debt, improving fiscal credibility via EU-aligned borrowing |
| Carbon footprint (tCO ₂ per capita) | 8.0 – coal dependence continues, BRICS energy deals lock in emissions | 4.5 – major renewable investments, energy efficiency measures fully deployed, EU environmental compliance | 5.0 – gradual shift to clean energy, continued EU-aligned environmental investments |
| Social welfare coverage (% of population) | 50% – fragmented and underfunded programs, limited effectiveness | 78% – expanded health, education, and social protection, near-universal coverage | 73% – improving coverage and targeting, expanded social safety nets |
| FDI inflows (USD billion/year) | 0.7 – concentrated in politically-linked sectors, low diversification | 2.5 – diversified FDI across tech, green, industrial, and services sectors | 1.8 – moderate but diversified, EU-aligned sectors (energy, logistics, tourism) |
| Trade balance (% of GDP) | -2.5% – continued EU barriers, dependence on BRICS imports | 1.5% – diversified exports, improved competitiveness, EU market access | 1.0% – improving competitiveness, export diversification through EU integration |

Observations (2030):

- North Macedonia under the BAU scenario continues to develop but is on a slower development path and lags behind its neighbors in economic growth, inequality reduction, fiscal stability, and environmental sustainability. Its slow growth, limited FDI, reliance on BRICS financing, and high carbon footprint reflect the consequences of political and institutional stagnation.

- Montenegro and Albania, following proactive EU-path scenarios, benefit from stronger GDP growth, higher FDI inflows, lower debt risk, accelerated energy transitions, and broader social coverage, even if absolute growth rates differ due to differences in size, resource base, and starting economic conditions.
- The persistent gap highlights the long-term costs of North Macedonia's BAU trajectory, emphasizing that sustained, EU-aligned reforms can produce not only higher economic performance but also more inclusive and environmentally sustainable outcomes

Likelihood of BAU Scenario for North Macedonia (65–75% probability):

Based on current trajectories, the BAU scenario (EU blocked/pivot to BRICS) remains the more probable outcome for 2030, and a 65–75% probability estimate is reasonable. The reasoning includes:

1. **EU Integration Stagnation:** Continued delays in accession, stemming from Bulgaria's blocking, slow implementation of the Prespa Agreement, and broader EU enlargement fatigue, constrain FDI, trade opportunities, and reform incentives.
2. **Domestic Political Economy:** The existing Macedonian establishment benefits from BAU dynamics, with politically connected elites capturing rents from BRICS financing, energy deals, and inefficient public projects, reducing internal pressure for proactive EU-aligned reforms.
3. **Geopolitical Shifts:** Pivoting toward BRICS is increasingly feasible, as these actors provide financing, energy cooperation, and strategic support, actively seeking influence in the Western Balkans.
4. **Socio-Economic Constraints:** Weak institutions, modest domestic revenue mobilization, high unemployment, and limited capacity for ambitious independent reforms reinforce the BAU trajectory.
5. **Historical Path Dependence:** Over the past decade, North Macedonia's economic and institutional evolution has been incremental rather than transformative, further aligning with a BAU outcome rather than a proactive EU-aligned path.

So, the 65–75% probability for BAU versus 25–35% for the proactive strategy is a grounded estimate. The proactive scenario would require a rare convergence: domestic political consensus, EU incentives materializing despite regional blockers, and credible reforms reducing elite capture — all currently low-probability events.

Risk adjusted scenario for North Macedonia

Table. Here's a tabular version of the 2030 risk-adjusted outcomes for North Macedonia, Montenegro, and Albania based on the probability-weighted scenarios

| Indicator | North Macedonia (Risk-Adjusted, 65% BAU / 35% EU-path) | Montenegro (EU path) | Albania (EU path) |
|--|--|----------------------|-------------------|
| GDP per capita (USD, PPP) | \$36,300 | \$43,200 | \$29,800 |
| GDP growth (%) | 1.8% | 4.0% | 3.6% |
| Gini Index (Inequality) | 37 | 30 | 32 |
| Unemployment (%) | 13.5% | 8% | 9% |
| Fiscal deficit (% of GDP) | 4.1% | 2.0% | 2.5% |
| Public debt (% of GDP) | 64.5% | 40% | 45% |
| Carbon footprint (tCO ₂ per capita) | 7.0 | 4.5 | 5.0 |

| Indicator | North Macedonia (Risk-Adjusted, 65% BAU / 35% EU-path) | Montenegro (EU path) | Albania (EU path) |
|---|--|----------------------|-------------------|
| Social welfare coverage (% of population) | 59% | 78% | 75% |
| FDI inflows (USD billion/year) | 1.5 | 2.5 | 2.2 |
| Trade balance (% of GDP) | -1.9% | 1.2% | 1.0% |

This risk-adjusted table reflects the expected 2030 outcomes, taking into account the ~65–70% probability of the BAU path for North Macedonia versus the more favorable EU-path scenario for Montenegro and Albania.

North Macedonia (Risk-Adjusted, 65–70% probability BAU):

- Limited EU access continues, with partial dependence on BRICS financing and energy projects.
- FDI remains moderate, diversification is low, and productivity growth is only gradual, constraining long-term economic expansion.
- Social programs are partially funded and fragmented, while elite capture sustains inequality and slows inclusive development.
- Carbon emissions remain high due to reliance on coal and legacy industrial infrastructure.
- Fiscal deficit and public debt remain elevated, driven by inefficient spending, external borrowing, and limited domestic revenue mobilization.

Montenegro & Albania (EU-Path):

- EU integration supports structural reforms, reliable access to EU funds, and favorable, low-cost financing.
- Diversified FDI flows drive private sector investment in tech, green energy, tourism, and industrial sectors.
- Fiscal discipline is strengthened through MTBF frameworks, sustainable debt management, and prioritized public investment.
- Social welfare coverage is expanded and better targeted, contributing to moderate reductions in inequality.
- Carbon footprint declines as both countries accelerate energy transition and fully align with EU environmental standards.

EU in reform scenario

The next table is taking into account: EU now is into introspection, they need to reform, they face high public debt to GDP, no access to Russian energy, high competition from BRICS, their political elite are not proactive and they lack the political will for EU expansion. Thus, the EU is introspective, constrained, and less able to drive enlargement or support neighbors and the performance of Albania and Montenegro are not that dramatic.

Table. Comparative 2030 Risk-Adjusted Economic Dashboard (EU in reform Scenario)

| Indicator | North Macedonia (Risk-Adjusted, 65% BAU / 35% EU-path) | Montenegro (EU path, moderated) | Albania (EU path, moderated) |
|---------------------------|---|---|------------------------------------|
| GDP per capita (USD, PPP) | \$35,800 – BAU dominates, limited reforms, constrained external support | \$41,500 – EU support reduced, FDI slower | \$28,900 – slower EU-driven growth |

| Indicator | North Macedonia (Risk-Adjusted, 65% BAU / 35% EU-path) | Montenegro (EU path, moderated) | Albania (EU path, moderated) |
|--|--|---|---|
| GDP growth (%) | 1.5% – stagnation persists, limited EU incentives, BRICS influence | 3.5% – reforms continue but growth moderated | 3.2% – EU constraints slow reform impact |
| Gini Index (Inequality) | 38 – elite capture continues, some minor social improvements | 31 – inequality reduced, but slower due to EU constraints | 33 – modest improvement via targeted welfare programs |
| Unemployment (%) | 14% – youth and regional unemployment remain high | 9% – job creation slower due to reduced EU-backed projects | 9.5% – gradual absorption into sectors, slowed by weaker EU support |
| Fiscal deficit (% of GDP) | 4.8% – inefficient spending persists | 2.5% – tighter than BAU but weaker EU backing | 2.7% – moderate fiscal planning, EU funds less accessible |
| Public debt (% of GDP) | 68% – reliance on external loans continues | 42% – sustainable but limited EU financing | 46% – manageable debt, some EU support but limited |
| Carbon footprint (tCO ₂ per capita) | 7.5 – coal use persists, BRICS energy deals dominate | 4.8 – slower transition to renewables due to EU constraints | 5.2 – gradual shift to clean energy, EU incentives weaker |
| Social welfare coverage (% of population) | 55% – fragmented programs continue | 75% – moderately expanded coverage, slower implementation | 72% – improving coverage, limited by reduced EU funds |
| FDI inflows (USD billion/year) | 1.2 – politically-linked sectors dominate, low diversification | 2.0 – diversified but constrained by EU introspection | 1.7 – moderate, slower than full EU-path scenario |
| Trade balance (% of GDP) | -2.0% – limited diversification, BRICS dependence | 1.0% – slower export growth, EU market access constrained | 0.8% – gradual improvement, EU trade incentives weaker |

North Macedonia (BAU, 65–70% probability):

- EU accession remains blocked; the country continues to rely on BRICS financing, with slow technology adoption and limited structural reforms.
- Elite capture persists, sustaining moderate-to-high inequality across regions and sectors.
- Social programs remain underfunded and fragmented, fiscal risk stays elevated, and public debt continues to accumulate.

Montenegro & Albania (EU Path, Risk-Adjusted, moderated due to EU introspection):

- EU's internal crises constrain enlargement support, reduce funding flows, and slow reform incentives in the Western Balkans.
- EU political elites are distracted and weak; integration conditionality is stricter, and implementation of reforms is slower.
- EU fiscal stress and energy shortages limit macroeconomic support and green transition funding.
- GDP growth and FDI inflows are lower than under the original EU-path scenario; access to EU markets and incentives is reduced.
- Public sector reforms and social welfare improvements are partially implemented; fiscal discipline is moderate rather than ideal.
- Carbon footprint reduction continues but at a slower pace due to constrained EU energy transition support.
- Regional competition from BRICS reduces the relative benefits of EU alignment.

- Political instability, social experimentation, and domestic challenges in EU countries may dampen investor confidence in the region.

This **adjusted “EU-constrained” scenario** feels much more plausible:

- **North Macedonia** remains in a BAU trap, but slightly better than before due to modest adaptation, though still constrained by geopolitical isolation and internal governance challenges.
- **Montenegro and Albania** still benefit from EU alignment, but more slowly — growth, FDI, and social improvements are tempered by the EU’s introspection, fiscal stress, and limited political will.
- The **relative positions** make sense: North Macedonia lags, while the EU-aligned neighbors advance moderately, not dramatically.

In short, this is a **probability-weighted “realistic” scenario for 2030**, where North Macedonia risks falling behind unless it finds ways to mitigate the BAU constraints, e.g., diversifying partnerships, improving domestic governance, or selectively leveraging regional EU programs even under a constrained EU.

Comparative scenarios BAU, proactive strategy and EU path for North Macedonia

Next table presents projected socio-economic outcomes for North Macedonia in 2030 under three distinct scenarios: Business-as-Usual (BAU), a Proactive Strategy, and an EU-path under a constrained EU. The scenarios reflect varying degrees of reform implementation, external support, and strategic positioning, highlighting the potential consequences for GDP growth, inequality, fiscal stability, and social outcomes.

Table. North Macedonia 2030: Comparative Socio-Economic Outcomes Across BAU, Proactive, and Constrained EU Scenarios

| Indicator | BAU (65–70% probability) | Proactive Strategy (~30–35% probability) | EU-path (constrained EU) |
|--|--------------------------|--|--------------------------|
| GDP per capita (USD, PPP) | \$34,200 | \$42,500 | \$33,800 |
| GDP growth (%) | 1.2% | 4.0% | 3.0% |
| Gini Index (Inequality) | 39 | 31 | 34 |
| Unemployment (%) | 15% | 8% | 11% |
| Fiscal deficit (% of GDP) | 5.0% | 2.0% | 3.5% |
| Public debt (% of GDP) | 70% | 45% | 60% |
| Carbon footprint (tCO ₂ per capita) | 8.0 | 4.8 | 6.8 |
| Social welfare coverage (% of population) | 50% | 78% | 65% |
| FDI inflows (USD billion/year) | 0.7 | 2.5 | 1.5 |
| Trade balance (% of GDP) | -2.5% | 1.5% | -1.5% |

- **BAU:** Political inertia and rent-seeking dominate. Growth remains stagnant, inequality and fiscal risk are high, social programs underfunded, and the carbon footprint stays elevated.

- **Proactive Strategy:** Targeted reforms reduce elite capture, diversify the economy in niche sectors, improve social coverage, stabilize public finances, and support a cleaner energy transition. GDP growth and FDI are significantly higher than in BAU.
- **EU-path (constrained EU):** Alignment with EU standards provides some growth and reform benefits, but EU introspection, limited resources, and stricter conditionality slow progress. Social, fiscal, and environmental improvements are moderate.

This comparison highlights that proactive domestic reforms are the most effective path for sustainable growth and resilience, even if full EU support is limited.