

KOSOVO¹

WOMEN ENTREPRENEURS

April 2021

Overview on women entrepreneurs and entrepreneurship

Despite a well-established financial sector in Kosovo, which is dominated by the banking sector, micro, small and medium-sized enterprises' access to bank loans is limited by the high interest rates, high collateral requirements, and relative unwillingness by banks to finance new projects by micro and small sized enterprises and start-ups.

According to the World Bank/ European Bank for Reconstruction and Development (EBRD) Business Environment and Enterprise Survey, access to finance is one of the main obstacles for the surveyed enterprises in Kosovo.

Women face additional challenges, stemming from traditional norms and rare property ownership. Only approximately 15 percent of women entrepreneurs have used commercial bank loans and women own only 25.2 percent of enterprises in Kosovo, according to [the European Commission \(2020\) Instrument for Pre-Accession Assistance](#).

Women entrepreneurs particularly struggle with financing. In 2017 women-owned enterprises obtained 25 times less funding than men owned enterprises and only 15 percent of women business owners have used commercial bank loans, according to the European Commission.

The Agency for Finance in Kosovo (AFK) is the fourth-largest microfinance institution in Kosovo. It provides access to finance to micro and small firms run by entrepreneurs, especially in rural areas. AFK services all of Kosovo through a network of 23 branches.

In 2020, AFK became the first microfinance institution in the country to join [the EBRD Women in Business program](#), benefiting women-led micro, small and medium-sized businesses. The EBRD Women in Business programme supports women entrepreneurs to access finance and know-how to grow their businesses.

Women in Online Work is a project that was led by the Ministry of Economic Development for training for information technology related jobs, investing in and scoping technical assistance for women to work online using internet marketplaces.

The former Ministry of Innovation and Entrepreneurship, together with the German Federal Ministry for Economic Cooperation and Development, developed **the Innovation Fund**,

through which financial and non-financial support is offered to Kosovo businesses. The objective of the Fund is to attract the most innovative ideas with potential for export and employment creation for micro, small and medium-sized enterprises.

Kosovo Digital Economy is a World Bank project to provide high-speed broadband infrastructure and access to labour markets, new sources of knowledge, and public services to households and institutions in selected underserved rural areas. Moreover, the project trains and connects youth to online employment opportunities; and improves access to knowledge sources, including better reach and collaboration opportunities to higher educational institutions.

Creating Employment through Export Promotion (GIZ) enables micro, small and medium-sized enterprises to tap into international markets. The project focuses on three sectors: ICT, manufacturing and agriculture/agro-processing. Specific activities include increasing companies' capacity to export.

[Findings from a report by the Riinvest Institute in 2017](#), indicate that most women-run businesses are micro businesses, predominantly oriented towards services and trade, particularly beauty and hairdressing. Most women (88.3 percent) start their ventures with their own capital.

The main barriers reported in the survey were tax rates, a small market, and administrative burdens. The main barrier specific to women-owned businesses was family obligations, with about 47 percent of women indicating that caring for family constrains their ability to engage in business activities.

By digitalizing micro and small businesses in Kosovo or specifically targeting improvements in productivity and efficiency levels with the help of Information and Communication Technology, Kosovo can significantly increase the volume of higher value products to become competitive in international markets. Micro and small businesses need to become more agile. Also, during the pandemic crisis and its aftermath, Kosovo will need to focus on the long-term development of the business sector, which requires access to market opportunities, as well new technology and management of best practices.

¹ All references to Kosovo are made in the context of United Nations Security Council Resolution 1244 (1999)

Women entrepreneurs in Kosovo: What the data shows

Women had staggeringly high unemployment



34,4%

compared to men (22.6 percent and 40.3 percent, respectively) even before the crisis. Additionally,



60,3%

young women were unemployed, compared to

and inactivity rates



78,9%

40.3 percent, respectively)



44,1%

of young men.

Unequal care responsibilities contribute to women's labour market inactivity, primarily childcare, according to the European Commission.

The previously cited 2017 report by the Riinvest Institute indicates that about 94 percent of Kosovo's women entrepreneurs own individual businesses, and about 70 percent generate less than 10,000 Euros in annual turnover.

Women surveyed said that the major motivator for starting a business was financial gain, followed by unwillingness to work for someone else, and unemployment.

Businesses in Kosovo still do not realize the full potential of Information and Communication Technologies (ICT) for enhancing competitiveness. Women and girls are highly underrepresented in the Information and Communication Technology sector (22 percent of all employees). Evidence suggests that women continue to face prejudice in the sector, according to the European Commission.

Given their unequal position in society, women are also at risk of other violations of their rights, such as illegal discontinuation of their contracts, violations of maternity leave rights and overtime work without pay.

Only 44 percent of adult women have a bank account. While many women participate in the economy by operating small home-based businesses, [few have access to the capital necessary to grow their businesses and make a larger impact in their communities.](#)

Impact of COVID-19 on women entrepreneurs

According to [UN Women's COVID-19 Rapid Gender Assessment](#), a decrease in the paid working hours of women was observed across all subregions and countries/territories, and the most affected were women from Kosovo.

Women were hit harder than men and the share of women who had to reduce their working hours were 65 percent in Kosovo. Given that women's participation in the labour market was lower than men's pre-crisis, the loss of jobs and reduction in paid work hours is likely to further exacerbate gender inequalities across the region.

The burden of unpaid care was higher during the COVID-19 crisis, due to the closure of schools and workplaces. Gender segregation in employment exists with men being mostly engaged in trade, construction, and manufacturing (43.8 percent), and women in education, health, and trade (53.5 percent).

In 6 out of 10 countries/territories, younger women (18–34 years) were more likely to report a decrease in working hours (but without losing their jobs) compared to women of other age groups. The share of these women was 61 percent in Kosovo.

Reduced working hours or job losses have particularly affected self-employed women. In Kosovo, this accounted for 78 percent of the women in the UN Women survey on the impact of COVID-19. As part of its immediate response measures, the government allocated 2 million Euros in grants for women-affected businesses, and 400,000 Euro in grants for women-owned small enterprises.

In Kosovo, considering that micro, small and medium sized enterprises comprise over 98 percent of firms and account for 65 percent of employment, they are prone to a direct hit by the COVID-19 crisis. Start-ups, micro and small sized businesses are often linked to businesses in EU countries through outsourcing. The effect of the crisis and lower economic activity will have a trickle-down effect on smaller businesses, as they are often servicing bigger enterprises.