

MICROCREDIT PROGRAMS AND SMEs DEVELOPMENT IN KOSOVO

Qefsere Kupina¹ & Professor Drini Salko²

ABSTRACT

Microcredit was defined as a loan below €25,000 that is considered important to help developing small and medium enterprises, which, as many other businesses needs a variety of financial services, in order to be able to build assets, stabilizes consumption and protect themselves against risk position. However, there are the cases that not all benefit from microcredit programs. In the European Union, microloans are provided by banking institutions and non banking entities. Microfinance institutions as non bank entity provide microloans to SMEs and low –income people, with limited access to traditional banking services. Kosovo as a country in transition achieved to be in range with countries that has improved, providing microcredit through a number of financial institutions. Small and medium enterprises (SMEs) are valued as the backbone of Kosovo economic development by increasing the number up 46,000 since 1999 with approximately 190,000 people employed. In this line, SMEs is seen as good potential to be served with a microcredit program provided by financial institutions. Therefore, by reviewing the SMEs development during the last period and accessibility of microcredit programs we see that Kosovo can benefit in aspect of economic growth, employment and poverty alleviation by well funded SMEs. At the end of this paper, we will add some comments for potential and future improvements to microcredit programs in Kosovo.

Keywords: Microcredit program, microfinance institutions, small and medium enterprises (SMEs).

¹ Phd Candidate in European University of Tirana , email ; qefsere@gmail.com

² Lecture at Agriculture University of Tirana ,email ; drinisalko61@gmail.com