



POLICY BRIEF

Women Entrepreneurs and impact-focused businesses in the Western Balkans : Turning Insights into Action

Women-led impact businesses in the Western Balkans are emerging as powerful drivers of inclusive and sustainable development. This brief examines the barriers they face and identifies concrete steps to better recognise, support, and scale their contribution to the region's economies and societies.



WHAT IS AT STAKE?

Across the world, social enterprises are redefining business models by proving that profit and impact can go hand in hand. The Western Balkans are no exception, with women entrepreneurs increasingly driving this shift by establishing businesses responding to social needs, environmental challenges, and local economic fragilities.

In the region, women remain significantly underrepresented in the entrepreneurial landscape, accounting for just 27.5% of business owners – mostly concentrated in micro and small enterprises in service and trade sectors.² This gap is not only a matter of equality; it is a structural economic constraint. Indeed, while the region's GDP per capita remains below 40% of EU and OECD averages³, **an increase in women's participation in business could raise GDP by up to 5%, making a measurable contribution to closing productivity and economic gaps in the region.**⁴

On the other hand, beyond economic potential, women-led impact businesses play an active role in strengthening social cohesion, resilience and the response to social and environmental challenges. Many operate in areas critical to inclusive development, such as rural livelihoods, support for marginalized groups, and more sustainable forms of production.⁵

However, significant obstacles remain: limited legal recognition, unequal access to finance and markets, and low public awareness of impact entrepreneurship as a viable and scalable model. **Without targeted support, the region risks overlooking a key driver of both social innovation and cohesion, and inclusive, economic growth. Recognizing, supporting, and investing in women-led impact businesses has never been more urgent.**

What is impact entrepreneurship?

Impact entrepreneurship refers to ventures that intentionally pursue positive social and environmental outcomes alongside financial sustainability. These enterprises embed impact into their core business models and measure success by both social outcomes and economic performance, rather than profit alone. Globally, impact businesses demonstrate that entrepreneurship can generate economic value while contributing to inclusive growth, stronger communities, and environmental sustainability when addressing societal, ecological and equity-related challenges.¹

CURRENT REALITIES

Women entrepreneurs in the Western Balkans operate in a context that presents persistent structural, cultural, and institutional challenges:

Limited awareness & legal recognition of impact entrepreneurship

Despite growing interest, impact **entrepreneurship remains poorly understood and is not yet recognised as a distinct, sustainable model in the region.** Indeed, most Western Balkan economies have no official definition or legal framework in place for such enterprises, and impact entrepreneurs cite lack of policies, regulations, and ecosystem infrastructure among the top constraints they perceive.⁶ They are typically constrained to officially register as associations, foundations, cooperatives, or conventional commercial companies. But **without clear identity or recognition of the value they generate, they are left to operate in a “grey zone” between private business and civil society.**⁷

In Bosnia and Herzegovina (BiH), social entrepreneurship is conceptually acknowledged but lacks a unified national legal framework defining rights, obligations, and incentives. At the entity level, Republika Srpska has enacted a Law on Social Entrepreneurship, while the Federation of BiH is advancing draft legislation to establish similar recognition. This fragmented regulatory landscape leaves associations and foundations constrained by restrictions on profit reinvestment and limited access to specialized support mechanisms.⁸

13

organisations have obtained official social enterprise status in Albania since the adoption of the law.

Moreover, even where legal recognition exists, gaps remain. In Albania, for example, social enterprises are recognised, but formal status is largely restricted to non-profits, limiting visibility and legitimacy for hybrid or for-profit impact businesses. Since the adoption of the “*Law on Social Enterprises in the Republic of Albania*”⁹, only 13 organisations have received this status, illustrating the limited reach of such measures.¹⁰ Similarly, in Kosovo, although a legal status for women-led businesses exists, supportive frameworks remain weak, showing that recognition alone does not ensure practical, actionable support for entrepreneurs.¹¹

240 000

social enterprises operate across the European Union, highlighting the scale of recognition compared to Western Balkan ecosystems.

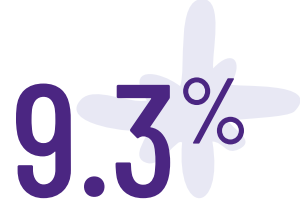
This lack of awareness and formal legal recognition has tangible consequences. Impact businesses face ambiguity that hampers planning, reinvestment, attracting investment, and scaling. Access to dedicated grants, impact-oriented financial instruments and public procurement opportunities is limited. **These barriers are particularly emphasized for women-led enterprises, which already navigate structural gender inequalities in finance, networks, and decision-making.** This forces them to remain small and under developed, operating within an ecosystem that is largely project-based or donor-funded and rarely integrated into national economic policies.¹²

In contrast, impact entrepreneurship enjoys significantly higher visibility and recognition in the European Union, where more than 240,000 social enterprises operate as part of the social and solidarity economy, combining entrepreneurial methods with social and environmental missions.¹³ This level of recognition enables clearer public understanding, stronger policy support and more developed ecosystems, conditions that remain largely underdeveloped across the Western Balkans.

Without clear legal frameworks, coordinated policies, and strong institutional alignment, Western Balkan countries risk underutilising the transformative potential of women-led impact enterprises.

Unequal and limited access to finance for women entrepreneurs

Women-led enterprises in the Western Balkans face persistent challenges in securing financing, which limits their ability to start, sustain, or scale impact ventures. High collateral requirements, complex loan procedures, and a lack of understanding from banks and microfinance institutions (perceiving such businesses as high-risk enterprises) often prevent ideas from materializing or force them to remain informal and underfunded.



9.3%

of MSMEs are majority female-owned in BiH.



11.1%

of women entrepreneurs in Kosovo can access formal loans.

For example, in BiH, women own only 27% of MSMEs, with just 9.3% under majority female ownership. Their businesses remain concentrated in low-productivity sectors¹⁴ and face structural barriers: gender bias in lending, weaker collateral, and financing systems not tailored to women. The result: a persistent low-growth trap where entrepreneurs rely on informal funding, delay hiring, and struggle to scale or co-finance projects, limiting their social and environmental impact. In Albania¹⁵, women lead just 23% of registered businesses, and existing financial incentives mainly support traditional sectors like crafts, rather than impact-driven enterprises. In Kosovo, financial inclusion remains highly unequal: 47.4% of women entrepreneurs hold an account compared to 68.9% of men, and only 11.1% can access formal loans versus 24.3% of men.¹⁶

Closing this financing gap is critical for regional growth. Improving access to finance for women entrepreneurs would increase productivity, create new jobs, reduce informality, and ensure that public investments in entrepreneurship, innovation, and the green transition fully unlock women's talent and enterprise potential.

Lack of entrepreneurial skills, impact-oriented training and ecosystem support

While many EU member states integrate social entrepreneurship into formal education, entrepreneurs in the Western Balkans have limited access to such training and capacity-building. Formal curricula prioritize traditional academic knowledge targeted towards conventional businesses, and there is not much institutional support towards training for impact-oriented businesses, which often lack resources to develop key competencies such as financial literacy, impact measurement or scaling strategies.¹⁷

When it comes to private initiatives, they are also often fragile, donor-dependent, and lack long-term sustainability. As a result, professional development opportunities, such as experiential training, structured mentorship, incubation, and acceleration programmes, remain fragmented and insufficient.¹⁸ The absence of sustained mentoring, peer learning, and exchange platforms further weakens this ecosystem: women lack access to networks, role models, and opportunities to share best practices, and even highly motivated initiatives struggle to evolve into sustainable, competitive businesses.

Without coordinated, institutionally supported approaches and training, women entrepreneurs with impact-focused initiatives remain at a systemic disadvantage.

Strong gender norms and stigma, and fragile social support systems

Across the Western Balkans, cultural and societal norms continue to shape perceptions of women's roles in both private and public life, with direct implications for women's participation in the labor market. Only half of women in the Western Balkans are economically active, compared to 70% of men. Women's employment rate remains significantly lower than men's (41.6% vs. 59.7%), and women are markedly underrepresented in business leadership: only one in five firms is owned or co-owned by a woman.¹⁹

50%

of women in the Western Balkans are economically active, compared to 70% of men.

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firms in the Western Balkans are owned or co-owned by a woman.

These cultural and gender norms extend to the field of entrepreneurship. Entrepreneurship is widely perceived as a “masculine” domain, while women are often expected to prioritise family and domestic responsibilities over professional or business ambitions.²⁰ In practice, women leaders, especially those running impact enterprises, are frequently perceived as less capable or credible than their male counterparts, forcing them to work harder to gain trust and establish legitimacy in environments where their leadership already challenges conventional norms. These expectations are particularly strong in more conservative or rural areas, and stereotypes framing women's “proper place” as the home are common and limit professional recognition and career progression.²¹ Their disproportionate share of unpaid care and household responsibilities²², combined with limited access to child-care and gender-responsive support²³, further restricts their entrepreneurial potential and often results in weaker peer and community support and reduces their motivation, confidence, and opportunities.

Empowering women in entrepreneurship is not only about supporting individual ambition; it is about challenging restrictive norms and creating an enabling environment where women can contribute fully as leaders, innovators, and agents of impact and social change.

PRIORITY ACTION STEPS (recommendations)

As a result of these persistent barriers, the following recommendations aim to strengthen women-led impact entrepreneurship across the Western Balkans.



Strengthen legal frameworks for impact entrepreneurship

Clarifying legal statuses will provide a solid foundation for the growth and sustainability of impact entrepreneurship.



ACTION STEPS:

- + Design coordinated advocacy strategies to build political consensus and public understanding of impact entrepreneurship, showcasing success stories to foster replication.
- + Organise policy dialogues and technical meetings with government and legal stakeholders, ensuring participation of enterprises and civil society.
- + Organize and promote regional exchanges and peer learning to draw on existing frameworks, good practices, and implementation experiences.



Organise public awareness campaigns on impact entrepreneurship

Raising visibility and understanding of the impact of women-led initiatives reduces stigma and encourages wider participation and public support.



ACTION STEPS:

- + Organize fairs and forums dedicated to impact entrepreneurship to connect entrepreneurs with institutions, media, and the wider community.
- + Create rewards for women-led impact enterprises tackling social and environmental challenges during those events.
- + Partner with the media to share impactful entrepreneurial stories to showcase impact entrepreneurship as a solution to employment, inclusion, and social and environmental challenges.
- + Engage stakeholders to reach beyond main cities, promoting visibility of women-led impact businesses in traditional, rural, and service-based sectors through targeted storytelling and case examples.



Reform public and private support programmes for women impact entrepreneurs

Integrating impact awareness into public programmes and explicitly targeting women entrepreneurs will ensure states effectively support solutions to socio-economic challenges.



ACTION STEPS:

- + Conduct structured consultations between CSOs, experts, and public institutions to design coordinated support mechanisms for women impact entrepreneurs.
- + Introduce specific or preferential treatment for impact entrepreneurs in existing grant and financing schemes.
- + Create grant and financing schemes exclusively for women impact entrepreneurs targeting nationally significant challenges.



Integrate impact entrepreneurship into formal education

Integrating impact entrepreneurship in education will build practical skills, strengthen women's leadership, and support impact businesses in a relevant and sustainable manner.



ACTION STEPS:

- + Implement awareness-raising activities into schools and universities to promote impact entrepreneurship among students.
- + Foster dialogue between state entities, universities and ecosystem stakeholders to integrate impact entrepreneurship into curricula.
- + Organise study visits with impact businesses so students learn from success stories and apply lessons in their own projects.



Build capacity in impact measurement and management

Building capacity in impact measurement enables existing entrepreneurs to define outcomes and encourages general participation in impact entrepreneurship.



ACTION STEPS:

- + Develop Impact Management and Measurement Systems (IMMS) with common definitions, tools, templates, reporting mechanisms, and guidance that women impact entrepreneurs can easily adapt in day-to-day practice.
- + Establish mentorship programmes connecting young entrepreneurs with experienced mentors to support definition, measurement, reporting, and dissemination of impact.
- + Ensure IMMS is usable by both entrepreneurs and other stakeholders for comparable reporting, monitoring, and evidence-based decision-making.

RESEARCH APPROACH

This brief draws on research and collaborative learning from a Community of Practices in 2025, involving five CSOs from Albania, Bosnia and Herzegovina, Croatia, Kosovo and Serbia. Activities included three online workshops and a learning expedition to Berlin to engage with actors involved in impact entrepreneurship. These exchanges were held under the theme: “*Women Entrepreneurs for Inclusive Societies & Social Impact in the Western Balkans*” and inform the insights and recommendations presented here.

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