**Small and Medium Enterprises (SME’s) in the Region of Prizren**

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***Abstract:*** *The objective of this study is to analyze the financial investment of small and medium enterprises in Republic of Kosovo, respectively in the region of Prizren. The development of private sector is one of the main objectives of the development of Kosovo society. Establishment and development of the SMEs sector is dependent on the development of the system of financing the investments in these companies. Commercial banks and micro-financing institutions have financed investments of SMEs through various loans and micro-credits. Therefore the main objectives of this paper are: Identification of the financing situation of SMEs in the region of Prizren, research and reflection of the activities of commercial banks and micro-financing institutions in the region of Prizren, research forms and conditions for financing SMEs and proposals for the improvement of the institutional environment and avoidance of financing problems for SMEs investments.*

***Keywords:*** *SME, Investments, Financing, Economy, Envelopment.*