

**Local Business, Local Peace:
the Peacebuilding Potential of the
Domestic Private Sector**

**Case study
Kosovo***

* This document is an extract from *Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector*, published in 2006 by the UK-based peacebuilding NGO International Alert. Full citation should be provided in any referencing.

© International Alert, 2006. All rights reserved. No part of this publication, including electronic materials, may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without full attribution.



Kosovo

Mercy Corps in Kosovo: encouraging business cooperation and defusing stereotypes

Kosovo has been ethnically mixed for centuries. Though relations between different groups have fluctuated throughout history, the conflict that entangled it in the late 1990s led to the complete disintegration of social and economic relations between Kosovar Serbs and Albanians. The near segregation of ethnic communities, which followed the large-scale displacement of local populations, caused a sharp drop in business interactions across ethnic divides as suspicion, mistrust and fear became widespread.

Kosovo

Mercy Corps, an international NGO working to alleviate poverty through fair socio-economic development, has been working in Kosovo since 1993 to restore these links. It believes that peace in the region will only be achieved if different communities learn to co-exist by interacting in mutually beneficial ways as they used to do before the conflict. That is why Mercy Corps has focused on creating business linkages and promoting economic growth, rather than purely reconciliation-based activities, believing that economic incentives can be a powerful tool in bringing people together.

Facilitating peacebuilding-focused development

Mercy Corps' programmes in Kosovo have the specific objective of enhancing stability and creating normality within the region. Its programmes not only seek to meet the humanitarian need of local populations and Kosovar Serb returnees, but to address some of the factors that prevent minority return and re-integration. Since Kosovo's economy is mainly agrarian, some of Mercy Corps' work focuses on promoting linkages between Kosovar-Serb and Kosovar Albanian businesses within the agricultural sector, seeing this as an opportunity to address the underlying conditions of resentment, fear and mistrust. At the same time, the organisation aims

to tackle the local economy's deficiencies, which it believes could derail any attempt at building peaceful co-existence among its people, if left unaddressed.

While many regard development in and of itself as peacebuilding – based on the view that as long as you provide enough resources for all stakeholders, they will not need or want to resume fighting – Mercy Corps argues that peace can only be sustainable if development programmes are used explicitly to restore relationships between conflicting communities by bringing them together to discuss issues of common concern. All the work put into revitalising the economy would amount to little if efforts at promoting inter-ethnic understanding and cooperation were not undertaken. However, dialogue is no substitute for action. Dialogue as a peacebuilding activity in Kosovo is intended to facilitate communication in order to build trust between the Kosovar Serb and Kosovar Albanian communities, and to improve interpersonal relationships leading to inter-ethnic business cooperation and overall economic development – or what has been called ‘dialogue-rich social and economic development’.

Projects

In Mercy Corps' view, ‘the relationship between buyer and seller or producer and processor all involve human interactions that are at the centre of the peacebuilding process’. The following are a few of the projects supported by the NGO from 2000-02 that aimed at integrating peacebuilding, specifically inter-ethnic tolerance and cooperation, with development through assistance to the private sector. In carrying out this work, Mercy Corps worked with the assistance of conflict transformation experts who trained Mercy Corps staff, and helped in facilitating some of the dialogue elements involved in the projects, as described below.

Feed-mills and poultry projects

Mercy Corps provided assistance to three mills producing feed or concentrate for animal consumption (chickens, cows, pigs, and sheep). Two of the mills are privately owned Kosovar Serb businesses, while a Kosovar Serb-run cooperative operates the third. There is extremely high demand for animal feed in Kosovo, and the mills are finding reliable, mostly Kosovar Albanian, outlets for their produce. The sourcing of raw materials primarily takes place through Kosovar Albanian traders and they have started to rely on Kosovar Serbs to source components in Serbia. The mills use another Mercy Corps-supported business to source specialised paper bags. Many of the 97 poultry farms supported by Mercy Corps source their feed from the mills on an ongoing basis. Initially, Mercy Corps facilitated most of these inter-ethnic linkages. An increasing number are now happening spontaneously.

Textile workers

Mercy Corps supported Sonce, a Roma-run humanitarian association that works in a neighbourhood devastated by conflict. Sonce was provided with materials and technical assistance that enabled it to create employment opportunities for IDP women from the Albanian, Macedonian and Roma ethnic groups who lost their jobs in the textile industry as a result of the war. Mercy Corps has invested in training the director in business development and peacebuilding skills, and Sonce is one of the few small organisations in Tetevo with a multi-ethnic workforce. With Mercy Corps' assistance, a system was set up whereby Sonce and the women who work there jointly own the small textile factory. Sonce's portion of the profits is used to fund the organisation's other humanitarian activities.

Business cooperation across ethnic lines

Immediately after the 1999 conflict, the majority of dairy cattle were located in Kosovar Serb villages while most of the dairy-processing facilities were in Kosovar Albanian villages. This offered an ideal opportunity for cross-ethnic cooperation based on economic need. However, the type of cooperation that ensued fuelled resentment at best and contempt at worst. Kosovar Serb family farmers waited at the edge of their villages, sometimes for hours or days, to sell raw milk at below-market prices while Kosovar Albanian processors complained that the milk had been watered. The latter also felt their lives were in danger by entering Kosovar Serb villages. To alleviate the tension, Mercy Corps installed milk-collection centres in a number of Kosovar Serb villages where Kosovar Albanian processors were already purchasing raw milk. These provided a hygienic and secure place to store milk, eliminating the need for farmers to wait at the edge of their villages. They were also able to store the milk at correct temperatures, enabling processors to collect the milk at their own convenience. With special equipment, the centre manager was able to measure the fat content of the milk collected to confirm that the raw milk was not watered down. This enabled both processor and farmer to confirm the quality of the milk and negotiate a fair price.

Agri-business and dialogue conference

During 2001-02, Mercy Corps organised three, three-day agri-business and peacebuilding conferences for the participants, partners and beneficiaries of its Kosovo programmes. Farmers, producers, processors, association and cooperative representatives, and local government representatives with whom Mercy Corps had been working attended. Kosovar Albanians, Kosovar Serbs

and members of other minorities were all represented.

Before participants engaged in official dialogue many of them were brought together in Mercy Corps' offices to informally discuss their projects and possible cooperation. For example, if an Albanian dairyman was able to supply a Serb cheese manufacturer with milk a meeting was arranged in the relatively safe environment of Mercy Corps' office and the opportunity to negotiate a business transaction was explored. This worked well toward the goal of creating inter-ethnic business linkages and a number of transactions were concluded before the conferences.

A location considered safe and neutral by all was found for the conferences to ensure a context in which the groups felt free to speak openly. Care was taken to invite people from different ethnic groups who engaged in similar activities, as well as in upstream and downstream supply and demand chains. This meant that beekeepers, greenhouse owners, cooperative managers, animal-feed producers, dairy producers, manufacturers and other service providers from the various ethnic groups were all present. The purpose of each conference was to provide participants with the opportunity to:

- Establish and strengthen relationships in their sector
- Reflect on and design strategies for building and strengthening effective cross-ethnic linkages and stability, which the participants themselves could implement
- Identify threats to, and opportunities for, sustaining businesses with a cross-ethnic motive
- Develop a strategy for sustainable cross-ethnic, post-donor cooperation in Kosovo.

The organisers took care that the conferences were not just opportunities to explore doing business; instead the process included many dialogue elements, such as active listening, building trust and confidence among participants, and opportunities to exchange personal experiences of the conflict. In the evenings social events were arranged in different cultural settings, for example, dinner at an Albanian restaurant or a boat trip to an Orthodox monastery.

The mix of participants generally meant that business contacts were made. By dealing with the threats and opportunities they had identified in the conference, both across ethnic lines and within their own group, participants had developed new strategies for conducting business with each other by the time they returned home. For example, transactions were concluded by Kosovar Albanian dairymen to supply milk to Serb cheese manufacturers, or Kosovar Serb and Kosovar Albanian beekeepers came to an agreement under which honey would be marketed under a single, multi-lingual label. ▶

Although most of these links worked well, there were a number of instances of intimidation from members of their own ethnic group against beneficiaries doing business with the other group, and a small percentage of transactions could not be completed.

Impact

Although it is difficult to quantify the long-term effects of peacebuilding and development activities, Mercy Corps' projects have nevertheless played a substantial role in improving lives and inter-ethnic cooperation on the ground. For many Kosovar Serbs, Mercy Corps' assistance has made the difference between staying and leaving, and Kosovar Albanians testify that they have been able to rebuild their lives much quicker as a result of its activities. By bringing Kosovar Serb and Albanian businesspeople together, Mercy Corps aimed at breaking down the negative stereotypes and prejudices that each group had of each other. According to one participant in Mercy Corps' inter-ethnic projects: "We have all been through similar sorrows, but at different times. We understood each other."

On one hand, this has resulted in increased levels of inter-ethnic cooperation across ethnic divides in the Kosovar agribusiness sector which in some instances – for example, the dairy sector – exceeds levels of cooperation before the war. On the other, tensions in parts of Kosovo have been defused between the two groups. By cooperating, Kosovar Serbs and Albanians are not merely doing business, but are also creating a more peaceful environment that allows them more freedom to travel through each other's areas. The experience of Zoran, a Kosovar Serb engineer and manager of a refrigeration plant, is indicative. Talking about the three 'Agribusiness and Dialogue' conferences, he told Mercy Corps staff: "The (first) conference was the first time we met in large numbers to see how agriculture and the economy could realistically work together in Kosovo. It was the first real step toward cooperation." Asked if it had proven of any value, he then added: "A year ago, Mercy Corps had to fetch me and transport me back home (from the Kosovar Albanian area). Today I came here by car on my own. Chatting with a Kosovar Albanian friend recently, we were trying to convince each other that the future would be better."

This case is adapted from Preuss, G. (2003) Harvesting Learnings – Integrating Peace and Development Through Dialogue in the Balkans (Portland, US: Mercy Corps).