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## SNAPSHOT

### ***Kosovo Dairy Partnership Bridges Ethnic Divide, Builds Prosperity***

Dairy farmers profit from loans, improved techniques



*"Thanks to this project, I'm able, from my land, to earn a living for my family." - Slobodan Ničić, dairy farmer from Gračanica*

"Politics can sow divisions, while economics brings people together," said Bojan Stojanović, former mayor of the predominantly Kosovo Serb municipality of Gračanica/Graçanicë.

Kosovo's Serb dairy farmers are increasing their incomes, commercial sustainability, and local production of quality milk thanks to a novel public-private partnership.

In 2008, USAID initiated the creation of the Crimson Finance Fund, a lending institution structured an agreement between the municipality of Gračanica/Graçanica, local dairy farmers and the Kosovo Albanian dairy Bylmeti.

"I wanted to help create a model that shows how different ethnic groups can cooperate to the benefit of everyone," said Ymer Berisha, Bylmeti's director. The linkage bridges the ethnic differences in this post-conflict nation, promoting both economic wellbeing and mutual trust.

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For Bylmeti, which was eager to expand its supply network, the most important objective was to improve the herd size and quality of its dairy farmers. Under the partnership, eight farmers received five pregnant, high-yielding heifers imported from Germany in order to increase their daily milk output. The municipal government covered the cost of one cow and a lacto-freezer per farmer, USAID provided each with a milking machine, and through CFF, offered loans to the farmers for the cost of remaining four cows in addition to essential technical and business advice. Bylmeti, in turn, agreed to purchase the milk produced by the cows at an established, fair price, and collect the milk from each farmer every two days.

The synergy of these combined contributions has generated significant results, demonstrating how working together makes for effective agribusiness development. Between January and August 2013, the program earned each of the farmers an additional \$669 per month, an average monthly income in Kosovo. By including loans in the partnership, USAID ensured the farmers have a strong incentive to succeed.

"Thanks to this project, I'm able to earn a living for my family from my land," said Slobodan Ničić, a dairy farmer in the village of Lepina.

USAID also engaged a veterinarian to provide initial animal husbandry services to the farmers and assisted Bylmeti in establishing its own private sector extension services. Bylmeti uses

the additional locally produced raw milk to produce the pasteurized fluid milk, yogurt and cheese to be sold throughout Kosovo.

The Crimson Fund, established by Crimson Capital, runs through July 2014.

The partnership is part of USAID's mission to expand Kosovo's agriculture sector through its New Opportunities for Agriculture program. In this case, local farmers moved toward commercial production through improved milking technologies. The four-year program has worked with Kosovo's farming industry since January 2011 to create market new linkages, increase and diversifying agricultural products, improve food quality and safety, and increase affordable and accessible credit.