



## **Nucleus Entrepreneur Exchange: sustainable peace building through economic and social integration**

**Implemented by the Nucleus Foundation**

**Supported by FLICT (Facilitating Local Initiatives for Conflict Transformation)**

Paper presented at the  
**Sri Lanka Conference on Peace and Development**  
Organized jointly by  
The International Centre for Ethnic Studies (ICES) and the University of Peradeniya  
with  
The School of Global Studies, University of Gothenburg and  
The Department of Peace and Conflict Research, Uppsala University

*Nucleus Foundation*

*August 2009*

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## Background and Introduction

The Nucleus Foundation (NF) is a non-profit association working in development cooperation under an MoU with the Ministry of Nation Building & Estate Infrastructure Development, providing a range of services to partner agencies throughout Sri Lanka. These solutions range from designing and implementing development projects, training programmes, consultancy services and other bespoke interventions. The Foundation was set up as the exit strategy of two longstanding German Development Cooperation (GTZ) projects and has been in operation since 2007.

The Nucleus Foundation (NF) is supported by the GTZ Facilitating Local Initiatives for Conflict Transformation (FLCIT) project to implement a program geared to deliberately and pro actively promote inter ethnic exchanges between entrepreneurs in the Ampara district. This programme seeks to stimulate activities which will contribute to establishing a real, meaningful, sustainable communication and exchange process between entrepreneurs of the varying ethnic groups in the region.

Given the conflict situation existing in Sri Lanka until recently it is on the agenda of many organisations to contribute to peace building through formation of alliances between those in the north and east and the rest of the country. The Nucleus approach is used here not only as a tool for enterprise development but also as a tool to encourage inter ethnic and inter regional exchange between Nucleus entrepreneurs.

The Nucleus philosophy is based upon the main tenet of exchange between entrepreneurs and the benefits of working in a group. To this end many activities and events are organised and implemented among these groups. The networking and relationship building opportunity afforded to them through joint Nucleus activities empowers these SMEs to continue to strengthen the linkages introduced through the activities undertaken jointly.

It is encouraging to see these entrepreneurs taking the initiative, being creative in finding means and ways of undertaking development activities and participating regularly and actively in their Nucleus groups despite the limitations placed upon them by the conflict. In addition to the everyday problems faced by entrepreneurs such as lack of access to credit, lack of technology and access to technology, lack of skilled labour, lack of know how on financial management, high costs of inputs and working capital these entrepreneurs had to until recently deal with the conflict and security situation further impairing their ability to overcome these obstacles.

The ongoing project is complimented by an action research study that will test out the hypothesis that:

*Entrepreneurs working in ethnically isolated communities have little empathy for other communities. When persons of such communities are exposed to the Nucleus approach where they exchange ideas and experiences and learn from each other they develop not only business linkages but also develop relationships that cut across ethnic lines, and while increasing incomes they also lead to more economic and social integration and exchanges between the communities contributing to peace building in a sustainable manner.*

The activities are designed to focus on developing inter ethnic relationships among entrepreneurs in Ampara district with a view to promote their participation in the conflict transformation and peace building efforts in addition to contributing to the upgrading of their enterprises through better organising the demand for Business Development Services and influencing framework conditions affecting their business environment. The study will look at the impact of these relationships resulting from the Nucleus approach on the businesses as well as the business environment in the region in addition to looking at whether the interventions have resulted in creating social as well as economic integration among entrepreneurs of different ethnic groups in the region.

## **Rationale**

The reasons for conflict are complex and multiple, but most conflicts are inevitably related to economic, political and social factors and are based on marginalization of some groups based on these factors.

In addition to the everyday problems faced by the entrepreneurs in the conflict ridden areas such as lack of access to credit, lack of technology and access to technology, lack of skilled labour, lack of know how on financial management, high costs of inputs and working capital these entrepreneurs have to deal with the conflict and security situation that prevailed until recently, further impairing their ability to overcome these obstacles.

The NF experiences of implementing this program during the last year has shown that such exchanges where the real economic, social and political benefits can be felt by these entrepreneurs can lead to more exchange of ideas and experiences among them not only related to their enterprises and businesses but also related to the social factors affecting them as a result of the conflict and resulting security situation.

At present the business community in Ampara is very much divided based on ethnicity and location. For example Kalmuani is Muslim dominated when it comes to business while Thirukovil and Ampara are Tamil and Sinhala dominated areas respectively. One of the key reasons for this is the lack of interaction between these groups. The program addresses this issue by attempting to bring together these segregated groups. Before there were no conscious efforts by the entrepreneurs or their associations to come together and exchange ideas and experiences. Once these entrepreneurs realised the advantages that the group lobbying power can bring them and their business environment they have been more open to participate in this process.

The Nucleus Entrepreneur Exchange is designed to bring together entrepreneurs of different ethnic groups within the Ampara district as well as promote cross regional exchanges between entrepreneurs in the Ampara district with those from the rest of the country. The project stimulates many activities which contribute to establishing a real, meaningful, sustainable communication and exchange process between these entrepreneurs. Joint activities are conducted for Muslim and Tamil entrepreneurs of the coastal areas together with the Sinhala entrepreneurs from the Ampara town.

## **Problems**

The following problems have been identified as those affecting the entrepreneurs in the region:

1. They are isolated in their enterprises and lack the ability to obtain required Business Development Services
2. Persons from different ethnic groups in general and entrepreneurs in specific hold an element of mistrust towards those of other communities and ethnic groups due to the prevailing ethnic tensions in the region
3. Trade Associations and other entrepreneur support organisations are ethnically and geographically isolated from each other
4. There are instances of pressure from the armed groups ( paramilitary) for obtaining ransom which, demanding hartals etc resulting in adverse consequences for the business environment
5. Entrepreneurs do not have an opportunity to network and learn from one another
6. SMEs in Ampara lack access to resources in comparison to other regions where the conflict has not had a direct impact
7. There is an element of mistrust between people from the conflict affected areas and those in the rest of the country.
8. SMEs in Ampara are unaware of the opportunities available in their sectors in the rest of the country.

## Objectives

The objective of the program is to contribute to real meaningful and sustainable peace building and conflict transformation through promoting economic and social interaction and integration between entrepreneurs of different ethnic groups within the Ampara district.

## Approach

The Nucleus Foundation recognizes that in order to achieve success in peace building one shouldn't engage in stand alone peace building projects but rather offer sustainable and long lasting solutions connected to economic, political and social development so that affected groups are compelled to realize the impact that it has on their lives. The Nucleus Entrepreneur Exchange is designed in a way that entrepreneurs engaged in the process feel the real benefits in terms of the impact of the project on their enterprises and by extension on their livelihoods.

The approach followed in promoting this exchange includes:

- Creating Inter ethnic business linkages to promote better understanding between the different ethnic groups in Ampara district where Entrepreneurs of one ethnic group participate in joint Nucleus activities with others from different ethnic groups within the district.
- Increasing networking between ethnic groups and regions creating more economic and social interaction where Special events are conducted to develop and encourage cross regional business linkages also leading to more social interaction, networking and integration between entrepreneurs in the target areas
- Entrepreneurs in Ampara district who are organised in Nucleus groups exchange know how and ideas with other entrepreneurs from the other Provinces through cross visits and participating in common activities.
- National and regional media coverage is provided to these initiatives in the Sinhala, Tamil and English media (news papers, radio) in order to increase public awareness and promote this type of interaction while encouraging more persons to join this process
- The learning experiences of the program is shared and disseminated among interested groups and a model is developed to engage entrepreneurs in conflict areas into peace building efforts

## Results

to date many activities have taken place promoting inter ethnic business contacts between entrepreneurs. Some of these activities were related to the promotion of business development while some were related to peace building and conflict transformation. Activities have included:

- cross visits with entrepreneurs of other regions
- experience sharing and idea exchanging events
- participation in peace building activities
- participation in motivation programs
- participation in business development activities

The activities undertaken since the inception of the project in June 2008 has validated the assumption that through the Nucleus Entrepreneur Exchange the entrepreneurs from the east learn and profit from the experiences of their counterparts. It was for the first time that some of them visited the workshop of someone they previously believed to be a competitor. Through the networking sessions conducted in this exchange programs entrepreneurs from different ethnicities communicated with each other, even though they speak different languages. They shared ideas, thoughts, experiences and problems. They learnt from their colleagues. They realized that they share similarities more than differences.

Following are sectors in which Nucleus groups have been formed and activities undertaken through this program:

sector	No of Nucleus members
Welders	15
Carpenters	25
Beauticians 1	20
Printers	39
Goldsmiths	12
Poultry	10
dairy	20
coir	12
handloom	12
service centres	10
pre schools	12
traders	15
<b>total</b>	<b>202</b>

Some of the activities implemented for these groups are illustrated below:

The networking and relationship building opportunity afforded to them through joint Nucleus activities will empower these SMEs to continue to strengthen the linkages introduced through the activities undertaken jointly. In the first such activity a group of welders from Ampara visited the Engineering Design Centre, Elcardo Engineering Pvt Ltd and also undertook a one day training program at the Aruppola Technical College. They also participated in a networking session with their counterparts in Kandy, and it is envisaged that they will make use of these inter regional business linkages to promote their businesses.



*Welders at the Aruppola Technical College*



*Carpenters visit a saw mill in Kandy*

The FLICT supported promotion of cross regional exchanges between SMES from the eastern and central provinces saw the carpenters from Ampara make a two day visit to Kandy. The carpenters visited Central Saw Mill in Katugasthota to gain an insight about the saw milling and the wood industry. On the second day they participated at a one day training program at the Aruppole Technical College together with their counterparts from the central province. Comments:

- Through this kind of visit most importantly we were able to move with other ethnic groups without any difficulties. Could see some new machines and were able to get a government recognize certificate.
- We were very happy to see the latest and huge machineries at the saw mill.
- I was involved in carpentry work for a longer period. The two days training program organize by nucleus was very useful to me as I could see some of the machine which I had never seen before.
- It was a good experience. We were happy that we got a chance to see the saw mill and also do some practical work in technical college. This visit gave us an opportunity to meet new friends too.
- Through this visit we got lots of experiences as well as got a chance to meet some of new friends of other communities.
- Through this visit we could see some latest machine, new technology and the safety measures to be taken before we start our activity, it also promoted understanding among the other communities. Thank you
- We had good relationship with other communities. Most importantly we got a valuable certificate. So I am really thankful to Nucleus for arranging this program.

The highlight of this exchange program **Together Toward Business Progress** took place on 16 November 2008 in Kandy. Over 260 entrepreneurs including 150 from the Eastern province participate in a one day program conducted by renowned Personality Training Specialist and Master Trainer Mind Muscle Vibration Therapy and NLP Dr Kuma Iddamallena. The objective was to strengthen the entrepreneurs to do business leveraging and synergizing with others and to encourage the different communities to work in harmony and live in peace.



*Together Towards Business Progress- Entrepreneurs from 5 provinces participated*

17 printers of the printers Nucleus from Ampara district undertook a study tour to Kandy. They participated at a program on costing for the printing industry conducted by an expert in the field. On the second day they visited printing workshops in Kandy and participated in a networking session with printers from the Kandy and Badulla Nucleus groups. They were also joined by The Sri Lanka Association of Printers represented by its president Mr Dinesh Kulathunga, the vice president, secretary and other board members. The impact of the this exchange program was evident even as early as during the visit where one printer from the Badulla Nucleus agreed to visit his counterparts in the east the following week to repair his machines. A printer from Ampara said of the visit:

*I saved Rs 45,000/- by participating in this trip, I wanted to order some paper and didn't because I was coming on the trip. Today I heard from the representatives of the National Association that paper prices have reduced by Rs. 500/- a ream. We will never forget this experience, we have learnt a lot of new things which we will go back and implement in our enterprises.*



*Printers learn from each other*

In July the printers from Ampara participated in a program organized for them where the department of archives conducted a one day session for them on the rules and regulations governing the printing industry. Printers from all ethnic groups participated and for the first time in the country the program was translated into the Tamil language. One printer present at the event said that he had no idea about the rules and regulations as well as the legal implications of what he had been doing in this industry until he participated in this program. The department of Archives has promised to translate their material into the Tamil language for the benefit of these printers.

The Nucleus engaged in the dairy sector visited the Ambewela farm in Nuwara Eliya. A field visit was organised for a group of coir producers. The carpenters and welders Nucleus groups received their certificates for the technical training programs they participated in at a special awards ceremony. The printers met to discuss more activities. This project supported by FLICT promotes inter ethnic business linkages with a view to conflict transformation and peace building.

A context mapping and relationship analysis workshop was facilitated for Nucleus entrepreneurs engaged in this program. This is in the context of an action research project undertaken by FLICT to identify how the business network created through the Nucleus program promotes change within the entrepreneurs in the region and achieves the goal of breaking down isolation, division, prejudice, and polarization between ethnically segregated business groups.



*Certificate awarding*



*Printers meeting*



*Ambewela visit*



*coir sector field visit*

Close to 100 Nucleus members participated in *Pada Yathra* program in Panama where they travelled together to Panama and spent one day interacting with their counterparts in peace building activities.

### **Conclusions:**

The experiences of implementing the Nucleus Entrepreneur Exchange has validated the assumption that through the Nucleus Entrepreneur Exchange the entrepreneurs from different ethnic groups and regions coming together learn and profit from the experiences of their counterparts. Through the cross visits between regions that have already taken place entrepreneurs have already established linkages. A welder from Kandy has visited Ampara to share his experiences with the group there. The printers discussed the possibility of getting their image setting done via a person in Kandy. The beauticians are planning to request for a longer more comprehensive training program from their counterparts in Kandy. All in all the groups from Ampara have realised that there is much benefit for them because the program reduces their isolation and opens up more avenues in terms on new technology, better networking, more business opportunity and exposure to the new happenings in their respective industries.

National level recognition has been achieved for and national level linkages established for some sectors. For example the Sri Lanka Association of Printers represented by it's president, vice president, secretary and other board members participated at a networking session when the printers from Ampara visited their counterparts in Kandy. The Ampara group were able to discuss issues affecting their industry and get an input about the latest developments from the national level representatives including the advantages of becoming members of this association and the future benefits opened out to them.

Past experiences have indicated that for the entrepreneurs organised in Nuclei the most important aspect is the ability to come together in a common forum and to discuss their problems and exchange ideas and experiences. This makes them aware that they are not isolated and others face similar obstacles in their businesses. Once the initial trust building is established through Nucleus meetings and regular implementation of activities entrepreneurs are interested to continue the process. In addition to the economic benefit they derive for their enterprises there is also a social integration process where the Nucleus meetings and activities become a common forum where these entrepreneurs can share their ideas, problems and experiences.