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POLICY BRIEF

Mental Health, Disability and Livelihood Recovery of Conflict Affected Regions

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The Policy Need

Most development assistance in post-conflict economies focus on humanitarian assistance followed by a transition into market systems initiatives for sustainable economic growth and poverty reduction. However, often recovery in post-conflict economies is very slow partly because many face multiple vulnerabilities. Communities continue to face multiple trauma, have social responsibilities to family members and generally include a higher than average incidence of disability within an overall poor economy. So, can livelihood support initiatives succeed without considering these social vulnerabilities? Can business blossom in these imperfect markets?

The importance of psychosocial support for war affected economies is well known. Communities face multiple traumas due to loss of loved ones, effects of disability, witnessing destruction of property and assets and multiple displacements. Disability-based due to war related incidents also leave permanent scars that isolate and identify those who may have participated in war related activities making a transition into civilian life difficult. Moreover, widowhood, parenthood and care of elderly within a depressed economy create additional stresses on psychological wellbeing. However, within this challenging environment, often the poor are expected to engage in independent economic activity without ongoing psychosocial assistance after a short period of humanitarian support. To catalyse their entry into various markets, development partners engage in various initiatives such as provision of low interest micro-finance loans, vocational training, entrepreneurship training and market facilitation. Since wage employment opportunities rarely available in these economically depressed areas, some youth are encouraged to seek opportunities away from their home or even abroad. However, for those who wish to be economically active, there are limited choices and the informal micro-enterprise sector is their only option. For development actors providing support to these vulnerable poor, success is measured not in terms of business success but rather output based milestones such as: number of persons trained, number of business linkages created and

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percentage of loans recovered. These measures, however, do not indicate the true success of enterprises in terms of their profitability, impact on family well-being and overall sustainability. Often, success is not achieved as per these latter indicators despite the good intention of development actors.

The trauma of past events, handicaps due to diverse disabilities and the complexities of day-to-day realities make many poor risk averse, reducing the emergence of entrepreneurial attitudes. Most micro-businesses started are those that offer the least effort and risk, and are generally linked to subsistence livelihoods rather than high-return value added products. Moreover, dependency on external assistance remains significantly high long after a war has ended partly due to emotional insecurities and fears of recurrent traumas. Indeed, for the large majority of recipients, livelihood benefits are too low to even enable them to return their loans, let alone succeed in their businesses.

The Evidence

In Sri Lanka's conflict affected region, debt levels have increased significantly since the end of the war. While many development banks and NGOs have tried to help in the recovery of the economy through the provision of microenterprise loans, the poor have also received debt financed consumption goods such as electronic items which their economic means do not allow. Others have also received low interest housing loans. Overall, for a community which had been largely dependent on grant based assistance, levels of debt have been too much to handle with many falling short on repayments. The tragedy has been that the risk for those loans is being borne entirely by the recipients. Without social considerations, institutions have increased their pressure on recipients to pay back their loans, and in some cases had taken back valuable collateral, making them even poorer and less credit worthy. Some socially conscious NGOs have written off loans assuming that the weakness was mainly in the type of financial product provided (grant vs loan). Not surprisingly, suicide rates of loan beneficiaries had significantly increased as a direct result of the increased trauma of not being able to repay loans.

A careful analysis of those who had paid their loans and grown their businesses, and those that had not, shows a clear correlation with psychological wellbeing and disability inclusive support. Those who were being helped on the recovery path from trauma, depression and PTSD were significantly more likely to do well in their micro-businesses and even reject other offers for more loans that they could not afford. Indeed, they were doing well even without any other direct parallel livelihood assistance. Moreover, they were significantly more able to succeed in vocational training, stay focused on new business ventures, take a risk on starting businesses and accurately judge the best amount of loan size to take. Those with higher emotional vulnerabilities on the other hand were more prone to stay inactive, accept loans that they could not pay and were far less effective in their business ventures. Many unsuccessful entrepreneurs only hoped that loans would be written off, though also wanting to take new loans in economic desperation.

The Solution

The most common way of expecting war-torn communities to deal with psychological stresses has been through individual coping mechanisms surrounding "time-healing", with some improving their mental wellbeing and business confidence faster than others. However, while individual coping mechanisms are important, for those facing multiple traumas as a result of

war and the subsequent market based stresses, poverty reduction without external psychosocial support is highly unlikely. Even holistic market systems approaches are unlikely to succeed without such social interventions. This is especially the case for the disabled (physical and sensory) and those who have lost loved ones but have other social responsibilities such as care for children or elderly parents. The causal relationship among external psychosocial support, disability inclusiveness and livelihood recovery highlight two key factors. The first is that self-help through the creation of groups with upto 10 diverse members is effective even without professional psychosocial support. The second is that external psychosocial counselling as a primary activity within the livelihood program can significantly improve business success.

Self help groups involving those with diverse disabilities have highlighted that many were now much more confident about their self-worth and were more engaging with the external economic environment. Group formation is not new. Indeed, globally, many microfinance loans have been provided to groups as collateral and inter-se guarantee system for loan recovery for several years. However, when groups are formed for the main purpose of ensuring emotional support without connecting members through economic obligations, loan payments external to the group objectives also increase and there is significant changes in economic and social wellbeing. Recipients highlighted that there was direct attribution of emotional confidence to the loan payments even though group members were neither partners in businesses, nor provided loan guarantees to each other.

A key lesson is that when external psychosocial counselling support is given, counsellors need to be recruited and trained carefully. Not only do they need to have a high degree of emotional stability, their ability to empathise and provide market based solutions to recipient problems should be at a high level. In projects that include such counsellors, beneficiaries felt that it was the kindness, friendship, flexibility and ways in which counsellors helped recipients both emotionally and directly with business challenges that helped them to succeed.

Conclusion

When a market systems approach is taken with considerable social support such as psychosocial assistance, care assistance and disability sensitive employment creation, war affected regions move quickly towards sustainable peace dividends. The importance of psychosocial support appears so strong that it should become a mandatory component of any micro-finance and livelihood program to war affected groups, especially when large numbers are also disabled and face other social vulnerabilities. The investment in such activities will lead to higher levels of project success, better livelihood outcomes for individuals and overall development of the local economy.