

MYANMAR: AID TO THE BORDER AREAS

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MYANMAR: AID TO THE BORDER AREAS

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The desolate political stalemate which has prevailed since the military suppression of the pro-democracy movement in 1988 continues unabated. Daw Aung San Suu Kyi remains in custody, and there is no sign that the National Convention reconvened in May 2004 will produce any meaningful change. Without movement on these two fronts the new way forward advocated by ICG in its last Myanmar report¹ -- steering a course between sanctions and over-eager engagement -- will have few attractions for the international community.

As difficult as the existing political environment continues to be, there are, however, some actions that can and should be taken to help a limited and particular part of the country known as the Border Areas. This report, which should be read in conjunction with earlier ICG reporting on minority issues,² lays out in detail why these areas are different and discusses how expanded international assistance could be implemented without strengthening the present oppressive government.

The report argues that such assistance could not only help consolidate lasting peace in the Border Areas and lay the foundations for a more open, democratic system. It could also reduce refugee flows and the dangers from cross-border threats such as the spread of drugs and AIDS, and environmental damage from deforestation.

The remote, mountainous areas along the borders with Thailand, Laos, China, India and Bangladesh, largely populated by ethnic minorities, have long suffered from war and neglect, which have undermined development. They are desperately poor though they contain more than a third of the country's population and most of its natural resources. They also link it to some of the world's fastest growing economies. The prospects for Myanmar's peace, prosperity and democracy are, therefore, closely tied to the future of these regions and their mainly ethnic minority populations.

While the international community focuses on the need for regime change in Yangon, it has tended to disregard the need to integrate ethnic minority communities into the broader society and economy. Foreign aid for the Border Areas should be seen and pursued as complementary to diplomatic efforts to restore democracy and help unite the long-divided country.

Until recently, development of the Border Areas was hindered by the many insurgencies. The fighting closed minds to local cooperative solutions and reinforced underlying social and economic problems. However, since 1989, ceasefires have proliferated between the military government and former insurgent groups. Although these are neither in effect everywhere nor have they yet developed into genuine lasting peace, they have had a significant impact at elite as well as grassroots levels. In conjunction with new, though flawed, government development programs in previously neglected areas, they are one dimension of the military regime's strategy that supports longer-term reform. Border Areas development thus is a rare instance where there is some convergence of interests within a highly polarised and conflict-ridden environment.

¹ ICG Asia Report N°78, *Myanmar: Sanctions, Engagement or Another Way Forward?*, 26 April 2004.

² See especially *ibid*, but also ICG Asia Report N°32, *Myanmar: The Politics of Humanitarian Aid*, 2 April 2002, and, for additional background on ethnic minority groups, ICG Asia Report N°52, *Myanmar Background: Ethnic Minority Politics*, 7 May 2003.

The ceasefires have normalised life in many previously war-torn areas, allowing people to work and travel relatively freely again. There has also been a decrease in the most severe types of human rights abuses in these areas although violations still occur. Governance structures are extremely weak, however, and other forms of structural violence persist, often compounded by new exploitive and unsustainable economic practices by the former combatants.

Many villages are still inaccessible except by foot or river and lack both government services and access to markets. Population growth, worsened by conflict-induced movements, has put increasing pressure on already marginal lands, and deforestation is taking its toll. The Border Areas thus face a series of inter-linked crises, which, if allowed to fester, could undermine any progress in the country for decades to come.

The difficult political and operational environment in Myanmar greatly complicates the task, but donors have for too long ignored the needs of the mainly ethnic minority groups who inhabit the Border Areas. This has not only delayed improvements in human security and welfare but also lessened the prospects of genuine national reconciliation and meaningful political reform, which ultimately depend on social justice and empowerment of these marginalised communities.

ICG recognises that governments that place their faith in sanctions and other measures to isolate the military government and achieve regime change may find it difficult to provide developmental assistance to the extent this requires some cooperation with representatives of that regime. Some donors may also take a different view about the extent to which such assistance can be provided effectively to local people and through their institutions without strengthening the repressive government in Yangon.

But despite otherwise strong differences over strategy and tactics, developmental as well as humanitarian help should be supported by all the main protagonists inside the country as well their friends abroad. Although the linkages between peace, prosperity and democracy are complex, international help for the Border Areas provides an important organising principle and practical means for their realisation.

Their long history of civil conflict, social and economic backwardness, and ethnic minority composition are indicative of deep seated problems.

Special measures over many years, regardless of who or what system is dominant in far away Yangon, are required if these communities are to become capable of equally contributing to and benefiting from the state.

RECOMMENDATIONS

To International Aid Agencies, their Governments and Other Donors:

General Principles

1. Increase significantly and exceptionally assistance for the Border Areas and give aid agencies more freedom to operate there with respect to the nature of projects and cooperation with technical departments of the government, without prejudice to national policies that impose political limitations on such projects and contacts elsewhere in the country.
2. Relax restrictions that limit funding to narrowly defined humanitarian projects in order to allow institution of broader sustainable livelihood programs with a longer timeframe.
3. Pay particular attention to ethnic minority participation in aid and development processes.

Coordination

4. Set up a broadly inclusive aid coordination mechanism that can help develop a plan for the Border Areas, elicit donor funding, and negotiate with the government to establish an environment conducive to effective implementation.
5. Utilise better the comparative advantages of different aid agencies through an overall division of labour between UN agencies, international financial institutions and international NGOs.
6. Strengthen cooperation between development and human rights protection agencies.
7. Take extreme care to ensure that international agency work does not crowd out existing local networks and development activities, but rather builds on and reinforces them.

Partnerships

8. Cooperate with and provide selective assistance to government technical departments to the extent this is necessary to help expand social services and improve implementation of progressive policies that help local communities without strengthening military control.

9. Bring the ceasefire groups into the planning and execution of aid programs, for example, by establishing local UN offices in the special regions and supporting local development departments where they exist.
10. Work with local civil society organisations as much as possible in order to reach remote and insecure areas and minimise the risk of crowding out local initiatives.
11. Place emphasis in all partnerships on promoting poverty alleviation and community development, and increasing understanding of those concepts in the country.

Programming

12. Make available additional resources for socio-economic baseline surveys, as well as conflict impact assessments for particular programs and areas.

Direct Interventions

13. Provide emergency relief in areas such as eastern Shan state and along the Thai border where populations facing acute food insecurity and health threats need it urgently; so as to avoid emergence of a dependency culture, however, keep such programs short-term and plan to merge them into sustainable longer-term development activities where and when this can be done without strengthening political repression from Yangon.
14. Undertake major efforts in recent conflict zones, particularly in the southeast, to overcome the legacy of war, including landmine clearance, rehabilitation of productive land, resettlement of displaced populations, and reintegration and productive employment of former soldiers.
15. Help the majority of poor households in the Border Areas who depend on subsistence farming on increasingly marginal land by instituting programs to:
 - (a) improve agricultural technologies and land development;
 - (b) facilitate access to land, micro-credit and other inputs; and
 - (c) develop cottage industries for income diversification.
16. Assist the many communities that need help with basic education of children, youth and adults by training local teachers, participating

in the revision of curricula to fit local needs, and emphasising the use of local languages.

Enabling Environment

17. Construct assistance programs with the objectives of exposing government officials to international development and human rights concepts and standards, promoting pro-poor policies, and raising awareness among local communities about their rights and opportunities.
18. Place high priority on helping local communities by increasing the space for people to organise outside the state, strengthening the capacity of individual organisations and networks, and increasing the capacity for civil society structures genuinely independent from government control to forge linkages with local authorities.
19. Position aid programs to help overcome decades of violence and growing mistrust by bringing different groups together and increasing communication and cooperation across social, political and religious divides.

Yangon/Brussels, 9 September 2004



MYANMAR: AID TO THE BORDER AREAS

I. INTRODUCTION

ICG has set out a comprehensive strategy "to move beyond the desolate political stalemate which has prevailed in one form or another [in Myanmar] since the suppression of the pro-democracy movement in 1988". For that strategy to be implemented, however, "two preconditions...have to be met, as a matter both of principle and Western political reality: Daw Aung San Suu Kyi must be completely released from any kind of custody, and serious political and constitutional dialogue must be recommenced both within and beyond the National Convention framework".³ These preconditions have not been met. Suu Kyi remains under house arrest, and neither the National Convention, which has been in recess since 7 July 2004, nor other political events have given indications of meaningful dialogue. Thus, while the approach proposed by ICG remains promising, the circumstances in which it can be pursued do not yet exist.

This report, which should be read in conjunction with earlier ones,⁴ focuses on actions that can, and should, be taken within the existing very difficult political environment specifically to help a limited and particular part of the country known as the Border Areas.⁵ It lays out in detail why these areas are different -- because of their history and legacy of

devastating armed conflicts, their ethnic composition, their isolation and their extreme poverty and backwardness when compared to other, Burman majority, areas of the country. It also discusses why actions in and policies toward those areas are appropriate that would not be at this time elsewhere -- mainly because the chances of success for any future democratic government will be heavily mortgaged unless special efforts are started now to make up the deficits, and because this can be done without strengthening the present oppressive government.

Not all governments and donors will wish or find it politically feasible to carry out every aspect of this special program. Those that believe most strongly in the efficacy of sanctions to produce the early removal of the military regime, for example, may choose not to go beyond traditional definitions of humanitarian assistance or to increase contact with even the more technical departments of that regime. They should, however, be prepared to do more where their programs can be conducted at least very substantially by local groups and authorities free of Yangon's control. Some donors may be prepared to accept slightly more contact with national authorities and be less concerned with whether assistance should be categorised as humanitarian or developmental, provided that programs can meaningfully help the people of the Border Areas without increasing the military's control. The needs are great enough that there is ample room for more than one national approach or set of ground rules.

While the political struggle between the military government and pro-democracy forces led by Aung San Suu Kyi and the National League for Democracy (NLD) continues, Myanmar faces immense challenges in overcoming the legacy of its long-running civil war. Five decades of armed conflict between the central government and a multitude of insurgent groups have impoverished the state and devastated local communities, particularly in the

³ ICG Report, *Myanmar: Sanctions, Engagement or Another Way Forward*, op. cit.

⁴ Fn. 2 above.

⁵ The term "Border Areas" refers to the horseshoe of mountainous areas extending from the central plains to the borders with Bangladesh, India, China, Laos and Thailand, which share important characteristics including remoteness, long-standing instability, high ethnic diversity, and low social, political and economic development. They include most of Rakhine, Chin, Kachin, Shan, Kayah, Kayin (Karen) and Mon states, as well as border townships of Sagaing and Tanintharyi divisions.

mainly ethnic minority-populated Border Areas, which have suffered the brunt of the fighting and brutal counter-insurgency campaigns.

More than a million people are estimated to have died in these hidden wars,⁶ while millions more are wasting away in abject poverty. The conflicts have uprooted many communities, fuelled a litany of human rights abuses and undermined normal economic activities, not to speak of longer-term development efforts. The affected areas, already remote and disadvantaged, have fallen far behind the rest of the country. This development gap, compounded by the damage done to local governance and community structures, has serious implications for the future of the country if left unaddressed.

Since 1989, a series of ceasefires between the central government and ethnic nationalist armies fighting for increased autonomy and equal rights within the Union have brought relative calm and new hope to many communities. While some areas, mainly in a ribbon along the Myanmar-Thai border, remain mired in low-intensity conflict, peace talks between the government and the Karen National Union (KNU), the oldest and largest remaining insurgent group, for the first time in half a century hold out the prospect of an end to fighting across the country.

The government and key ceasefire groups have presented the ceasefires as an alternative, development-first path to national reconciliation and peace-building and are keen to attract international assistance for regional projects. Yet, the international donor community has been slow to acknowledge the importance of these processes and support the reconstruction and development of war-torn communities and economies.

This report, by drawing attention to an often overlooked aspect of Myanmar politics, seeks to give voice to ethnic minority communities who have found it difficult to be heard. The first part discusses the humanitarian, political and international security imperatives of developing the Border Areas. This is followed by a broad assessment of the challenges and obstacles to development in these remote regions, based primarily on extensive ICG field interviews in

the Border Areas and discussions with development workers.⁷ Finally, guidelines are provided for donors and aid agencies, including recommendations for a new, comprehensive Border Areas assistance program.

⁶ This estimate originates from General Saw Maung, who was head of SLORC -- the State Law and Order Restoration Council, the name of the military government from 1988-1997 -- and commander-in-chief of the armed forces from 1988 to 1992.

⁷ Most sources wished to have their identities protected or spoke on background. Therefore, only a general place and time is given for interviews.

II. THE IMPERATIVES OF BORDER AREAS DEVELOPMENT

"The people of Myanmar thirst for democracy -- but we don't have to wait for democracy: we can start to re-build our society now" (Karen Buddhist Abbot).⁸

Myanmar is one of the poorest countries in Asia. While its development needs are extensive and ubiquitous, the Border Areas demand special attention in any effort to alleviate poverty, promote peace and democracy, and combat drug trafficking and other trans-national security threats.

A. POVERTY ALLEVIATION

The availability and quality of socio-economic data on Myanmar is limited. However, both government and UN surveys indicate that conditions in the Border Areas, overall, are significantly worse than in central parts of the country.⁹

According to UNICEF's Child Risk Index, which measures the relative status of children and women in the fourteen states and divisions based on official government data from 1997-2000,¹⁰ most border regions fall significantly below the national average on twelve socio-economic indicators of household income, health status, and access to health care, education and safe water and sanitation.¹¹ Chin, Rakhine, eastern Shan and Kayin (Karen) states are considered particularly high-risk areas for children, followed by southern Shan, northern Shan and Kayah states (in descending order). Only Mon and Kachin states are better off than the least developed parts of central Myanmar.

⁸ ICG interview, Mon state, February 2003.

⁹ The actual disadvantages of the Border Areas are likely to be even greater than indicated by these data sets since the most remote and conflict-affected areas are greatly underrepresented due to weak information gathering structures and, in some cases, lack of access altogether.

¹⁰ Shan state, due to its size and diverse conditions, is divided into three parts for a total of 16 regions.

¹¹ The Child Risk Index uses a composite index consisting of twelve indicators of household income level (population above poverty line, above 2000 Kyats (\$2) per month), child health status (normal weight, infant survival, under-five survival) and access to basic education (primary school enrolment and retention), basic health care (immunisation against measles, supplementary salt and vitamin A), and safe water and sanitation. All figures denominated in dollars (\$) in this report refer to U.S. dollars.

The Food Insecurity and Vulnerability Information and Mapping System (FIVIMS), which measures local food production, physical access for food imports and the resilience of the population to periodic food shortages, presents a similar picture.¹² Most border townships are judged to be highly or moderately vulnerable in food security terms, with Shan, northern Kachin and Chin states being the worst off. Nearly all townships in central Myanmar, by contrast, are considered to have low vulnerability.

Based on official data, Rakhine and Chin states have the highest levels of income poverty in the country. Child malnutrition is most serious in Rakhine state, where almost 50 per cent of children under five suffer from severe or moderate under nourishment, but Chin, eastern Shan and Kayin states and Tanintharyi division follow close behind with 40 per cent. Primary school enrolment is less than 50 per cent in eastern Shan state and barely over that in northern Shan and Rakhine states. Only about one third of the children in these regions finish four years of basic schooling.¹³ No quantitative data are available from the conflict zones, including large parts of Kayah and Kayin states and Tanintharyi division, which are likely to be even worse off.

While the particular causes of vulnerability differ between these politically, ethnically and geographically diverse regions, the general socio-economic conditions are strikingly similar. Many households in highland villages across the Border Areas are unable to produce sufficient food for more than six months of the year. With few off-farm income opportunities available, food consumption is, therefore, generally less than needed, and survival for many families depends on members migrating to other areas for work. This often carries serious social costs, including broken families, drug use, and high incidence of diseases from unfamiliar environs.

¹² The proxy measures, which like the UNICEF index draw on official government data, include available crop land per capita, land quality and slope, distance to major towns and roads, levels of malnutrition, child mortality rates, sanitation coverage and primary school retention rates.

¹³ Even official data vary significantly. The figures provided here are from three government surveys: the 2000 Multiple Indicator Cluster Survey (Department of Health Planning, in collaboration with UNICEF), the 1999 National Mortality Survey (Central Statistical Organisation), and the 1997 Household Income and Expenditure Survey (Central Statistical Organisation), which are also used for the UNICEF Child Risk Index.

Women and children are particularly vulnerable to abuse, and many end up in prostitution.

The burden of major diseases is extraordinarily high in many border regions. Malaria, the primary cause of premature death in Myanmar, is pervasive in lower-lying forested areas in Rakhine, Chin, Kachin and Kayah states, as well as Tanintharyi division. HIV infection rates are also significantly above the national average in many border towns, as well as in the mining areas of Kachin and Shan states.¹⁴ Lack of access to health services, safe water and sanitation further contributes to a bad health situation characterised by high mortality also from common childhood illnesses, respiratory infections and diarrhoea.

Low educational attainment compounds these vulnerabilities. In many remote areas, literacy rates are below 50 per cent.¹⁵ Moreover, many ethnic minorities do not speak the Myanmar language. This greatly limits their access to formal education, as well as to information about health, nutrition and improved agricultural technology and contributes to keeping them trapped in poverty.

Although poverty is endemic in the country, and pockets of extreme distress exist even in the main cities, the urgency of the situation in many parts of the Border Areas is particularly compelling. The chronic nature of these needs means that economic development is likely to pass many ethnic minority communities by unless efforts are made to link them with the national economy and social infrastructure. No program to alleviate poverty and inequality in Myanmar's multi-ethnic society can succeed without paying particular attention to these remote parts.

B. PEACE-BUILDING

Development of the Border Areas is also a precondition for genuine peace and national reconciliation. Serious, joint efforts to uplift the

welfare of people in these long-neglected regions and give ethnic minority communities a real stake in the Union would go a long way toward overcoming perceptions of discrimination and thus help alleviate the risk of future conflicts.

Although Myanmar's long-standing ethnic conflicts have diverse roots (including political disenfranchisement, cultural and religious discrimination, and widespread human rights abuse in minority areas), economic neglect is at their heart. The failure of successive governments to fulfil the promise made by independence leader Aung San before he was assassinated in 1947 that "if Burma receives one kyat, you [the Border Areas] will also get one kyat" was a significant factor in the second and third rounds of insurgencies in the late 1950s and 1960s.¹⁶ Similarly, the failure since the early 1990s genuinely to develop the ceasefire areas has been emphasised by several armed groups as a reason to keep fighting. Continued poverty, which fuels anti-government sentiments and obstructs nation-building, could fill the ranks of future insurgent groups as well.

The government and key ceasefire groups have presented their agreements to stop fighting as a new development first approach to peace-building, which, they argue, will help overcome long-standing hostility and provide a win-win path to national reconciliation and unity. However, the emphasis by both sides on large-scale infrastructure and commercial agriculture has brought few benefits for the general population.¹⁷ Although a number of schools and health centres have been built, most lack staff or equipment, while the responsibility for maintenance and running costs is left to local communities that often cannot afford

¹⁴ A Western aid official after visiting Kachin state described the AIDS pandemic there as "comparable to that in Africa", ICG interview, Bangkok, April 2003. The higher HIV infection rates here and elsewhere along the Chinese and Thai borders reflect the spread of the epidemic from east to west, large transient populations, high numbers of commercial sex workers and drug users, and an almost complete lack of knowledge about the disease, ICG interview, UNAIDS official, Yangon, January 2004.

¹⁵ ICG interviews, aid officials, Yangon, February 2004 and eastern Shan state, March 2004.

¹⁶ Quoted in Martin Smith, *Burma: Insurgency and the Politics of Ethnicity* (London, 1999), 2nd ed., p. 78.

¹⁷ Soon after the first ceasefires, the government established a Ministry for the Progress of Border Areas and National Races and Development Affairs (usually referred to by its Myanmar acronym, NaTaLa). An eleven-year Border Areas Development Master Plan for 65 border townships, including both government-controlled and ceasefire areas, was promulgated in 1993/1994 to "strengthen amity among the national races" by developing "economic and social works and roads and communication". The total investment, however, is miniscule compared to the needs, and the bulk of the money has been spent on physical and social infrastructure, mainly in urban and semi-urban areas. Little attention has been paid to poverty alleviation or community development. This reflects the poverty of the state, as well as the very simplistic, linear development thinking -- development is what you see -- among military and government officials, as well as within the broader society.

them.¹⁸ Social problems and dissatisfaction are thus festering in many areas, creating the conditions for renewed conflict.

Although the ceasefires have been disappointing in many ways, a return to civil war would end all prospects for political reform, better governance and economic development. Conversely, if the ceasefires could be turned into effective vehicles for the reconstruction of local communities and economies, they could provide a model worth emulating by the remaining insurgent groups and become a force for genuine peace-building. This, in turn, would weaken the main justification for military rule -- the perceived need to protect the Union against internal centrifugal forces and the risk of external intervention.

C. DEMOCRATISATION

It is commonly assumed that democracy -- or specifically, the transfer of power to Aung San Suu Kyi and the NLD in recognition and acceptance of their electoral victory of more than a decade ago -- would ensure peace and make development possible and so takes priority over other transitional issues. A more nuanced approach may, however, be required.

While the political parties, led by the NLD, see the lack of democracy as the primary problem, the armed ethnic groups are more concerned with the distribution of power and resources between the centre and the regions. Their support for any government in Yangon depends on greater local autonomy, ethnic rights and overall development of their areas.¹⁹ It is an open question whether a new parliament, dominated by members of the Burman majority and subject to strong electoral pressures, would agree to the demands of key ethnic minority groups.²⁰

There is a risk that democracy will remain elitist, the preserve of the Burman majority, and do little to

overcome the root causes of conflict and inequality unless a truly inclusive political system that gives all groups a voice in the governance of their areas and protects both individual and group rights grows up. This requires more than simple reform of formal structures of government. It depends on the empowerment of ordinary people. The large majority of the population in the Border Areas are subsistence farmers, often semi-illiterate and with limited or no experience of the world beyond the village. Many have had little contact with the central state and thus can hardly be expected to show automatic commitment to its political arrangements, whether democratic or not. So long as local power structures in many areas remain basically feudal with little space for popular participation, the poor majority are likely to remain substantially voiceless and subject to the powers that be.

For these reasons, efforts to transcend the barriers created by the cultural and structural legacy of militarisation and repressive, autocratic rule must combine opening up the political system to democratic participation with major efforts to combat poverty, improve access to education and information, and strengthen local organisations to help lay the foundation for a more vibrant pluralistic civil society. Circumstances in Yangon are not favourable for the former at the moment because of the military government's attitude but that should not prevent more being undertaken with regard to the latter so long as the programs are constructed and implemented in ways that do not strengthen the grip of the generals.

D. INTERNATIONAL SECURITY

Myanmar is generally perceived in the West to have little strategic importance. Yet, the Border Areas have long been the source not only of internal instability, but also of several trans-national security threats.

According to official Chinese sources, 80 per cent of the opium and heroin produced in Myanmar is shipped through China, where it fuels drug abuse, HIV/AIDS, corruption and general crime.²¹

Further south, Thailand bears the brunt of the conflicts and instability across the border, notably through the influx of refugees and illegal immigrants, as well as of amphetamine-type stimulants which have been defined by the Thai government as the country's

¹⁸ This experience appears to be the same all over the Border Areas (and indeed in the country at large), reflecting the poverty of the state compounded by military investment priorities.

¹⁹ It is worth remembering that the insurgency began during the parliamentary period and spread due to the policies of the elected government in the 1950s.

²⁰ While some ethnic minority leaders appear to trust Aung San Suu Kyi, in large part due to the efforts of her father, Aung San, to build a Union of equal nations before he was assassinated, they are generally deeply suspicious of other NLD leaders, several of whom were high-ranking officers in the Myanmar army and former enemies on the battlefield.

²¹ "Kokang and Wa Initiative", Informal Newsletter, March 2004.

greatest national security threat. In 2002, border skirmishes between Myanmar and Thailand linked to illegal cross-border activities brought the two countries to the brink of war and resulted in a costly five-month closure of the border.²²

Insurgent groups active in the border regions between Myanmar and north eastern India are increasingly involved in smuggling arms, drugs and chemical precursors.²³

International organisations are working with the governments of Myanmar and neighbouring countries to alleviate these trans-national threats. However, no long-term solutions are possible without major improvements in the general social, political and economic conditions in the Border Areas.

E. RISKS

Critics argue that international assistance simply strengthens the government and undermines pressure for democracy. However, this is strongly rejected by ethnic minority leaders, who feel they are being sacrificed to national politics.

Many ethnic groups feel extremely disappointed that in general foreign governments are not responding to the progress of the ceasefire[s] or indeed even understand their significance or context. Rather, it seems that certain sectors of the international community have the fixed idea that none of the country's deep problems, including ethnic minority issues, can be addressed until there is an over-arching political solution based upon developments in Rangoon.... In contrast, the ceasefire groups believe...that simply concentrating on the political stalemate in Rangoon and waiting for political settlements

to come about...is simply not sufficient to bring about the scale of changes that are needed.²⁴

While there is little doubt that the military government sees development of the border regions as a way of pacifying ethnic minority groups and assimilating them into the dominant Burman culture, the absence of international aid agencies engaged in community development and local empowerment facilitates such a one-sided agenda. It also weakens the ability of local communities to resist exploitation by external business interests, which threatens to undermine the long-term basis for sustainable development in many border regions.

Overall, although the linkages between peace, prosperity and democracy are complex, border areas development provides an important organising principle and a practical means for their realisation. It should be supported by the main protagonists inside the country as well their friends abroad, despite otherwise strong differences over strategy and tactics.

²² China and Thailand are hardly victims though. They have been quite ready to exploit the general conditions of instability in Myanmar; indeed, they have contributed significantly to it by supporting anti-government groups for their own purposes. The Thai and, in particular, Chinese border economies are booming from the exploitation of Myanmar's natural resources; the drugs trade is dominated by Chinese crime syndicates and facilitated by high-level corruption in all countries in the region; and illegal Myanmar immigrants are often exploited in the Thai sex, garment and other industries that rely on unskilled labour.

²³ ICG interview, United Nations Office on Drugs and Crime (UNODC) official, Yangon, March 2004.

²⁴ Seng Raw, "Views From Myanmar: An Ethnic Minority Perspective", in Robert H. Taylor (ed.), *Burma: Political Economy Under Military Rule* (London, 2001), pp. 161-162. Seng Raw is a program director for the Metta Development Foundation, a Myanmar NGO.

III. DEVELOPMENT CHALLENGES AND OPPORTUNITIES

"There are so many needs here. It will take twenty years to re-build Mon society" (New Mon State Party officer and teacher).²⁵

The conditions for development in the Border Areas vary greatly. Aims, objectives and methodologies that are appropriate in some regions may not be so in others. Donors and implementing agencies should particularly be aware of the different stages in the conflict cycle, and therefore of different needs and possibilities for assistance. While longer-term development assistance and reconstruction activities, for example, are possible in Kachin and north eastern Shan state, where the ceasefires seem stable, this is not the case in areas affected by armed conflict. A number of characteristics are widely shared, though, and help set the scene for thinking about the challenges ahead.

A. HISTORICAL LEGACY

The Border Areas, with their extensive forests, large mineral deposits and fast-flowing rivers, are generally rich in natural resources. For centuries, they have sustained a wide variety of people, including Shan, Kayin (Karen), Kayah, Mon, Kachin, Chin, Rakhine and numerous other ethnic nationalities, which only became minorities within the Union of Myanmar (Burma) in 1948. Remoteness from the main centres of power has caused them largely to be by-passed as modern administrative, economic and social structures developed in other parts of the country. Even as the central state was strengthened and claims to authority over the Border Areas were formalised and backed up by military power, first by the British and later by the modern Myanmar state, a lack of interest and the difficulties of access caused continued neglect.

The civil war, which since independence has engulfed almost every part of the Border Areas with the exception of the northern most parts of Kachin state and Sagaing division, has deepened their isolation and caused widespread physical destruction and social disruption. The strongest insurgent groups in the 1960s-1980s established core "liberated" areas, which resembled independent mini states with

rudimentary administrative structures, including schools and health systems. However, the wartime economy placed great constraints on normal human and economic development, and most areas at one time or another have experienced heavy fighting or been subject to brutal counter-insurgency campaigns targeting the civilian population.

The ceasefire movement, which began in eastern Shan state in the late 1980s and soon spread to other areas of Shan, Kachin and Mon states, has normalised life in many previously war-torn regions. People can travel again and are re-establishing their fields or starting new businesses.²⁶ There has also been a decrease in the most severe types of human rights abuses usually associated with counter-insurgency activities, including extra-judicial killings, rape and forced portage for the army. However, guerrilla warfare and counter-insurgency continue in central Shan state and along parts of the Thai border, while structural violence persists in many ceasefire areas, compounded by new exploitive and unsustainable economic practices by the former combatants. The Border Areas thus face a series of complex, inter-linked crises, which challenge any development efforts.

B. ECONOMIC OPPORTUNITIES

The large majority of the population in the Border Areas consists of subsistence farmers, who rely on shifting upland cultivation and foraging for forest products for their livelihood. Myanmar's climate and relatively low population density have traditionally sustained such practices. However, population growth, worsened by conflict-induced movements, has put increased pressure on already marginal land, and the number of landless and land-poor is rising. Deforestation is also taking its toll, caused by traditional slash-and-burn practices and major new commercial logging operations, particularly along the Thai and Chinese borders. Decreasing tree cover increases erosion on the often steep, rocky hillsides and contributes to local climate changes, with droughts and floods becoming more frequent in some areas.

²⁵ ICG interview, Mon state, February 2003.

²⁶ Among the ceasefire forces, there are two main groups. The first are former allies of or breakaway groups from the Burma Communist Party, such as the United Wa State Army (UWSA). The second are ex-members of the National Democratic Front, including the Kachin Independence Organisation (KIO) and the New Mon State Part (NMSP), among others. See ICG Report, *Myanmar Backgrounder*, op. cit.

Some jobs are available, mainly in the valleys where better-off farmers grow paddy and other commercial crops. Several ceasefire groups have established large new plantations, as well as some industrial projects. However, labour demand is seasonal, and with very few off-farm job opportunities outside the main trading towns, many families rely for survival on members finding work in the cities, mining areas in Kachin state, or neighbouring countries. Those who stay behind are forced to supplement their food and income by collecting timber, bamboo, traditional medicine plants or other forest products, which contributes further to environmental destruction.

C. INFRASTRUCTURE AND SOCIAL SERVICES

The Border Areas traditionally have minimal, if any, physical infrastructure or social services outside the few towns. Since the ceasefires, both the central government and former insurgent groups have made significant efforts to expand the road network and, to a lesser extent, improve the health and education systems but remoteness, difficult terrain and low population density make this a huge task. Many villages are still inaccessible except by foot or water and lack both government services and access to markets. They have no schools or health centres, no electricity, no improved water or sanitation, no agricultural extension services, and little commerce except for visiting traders who supplement otherwise self-sufficient and largely cashless subsistence economies.

There are still only a tenth the health facilities in the Border Areas as the national average,²⁷ and most are seriously under-resourced and understaffed. Language barriers and the high cost of treatment, including unofficial service fees and expenses for travel over long distances, further limit access to health services for the poor, primarily ethnic minority populations.

The situation for basic education is similar. Since the 1960s, generations of children have had their education severely disrupted by the effects of civil war. In many remote or conflict-affected areas almost no schools exist -- and where they do, teachers are often absent or the teaching is of very poor quality.²⁸

²⁷ UNICEF, "Children and Women in Myanmar: A Situation Assessment and Analysis", Yangon, April 2001.

²⁸ Many teachers in the Border Areas are from central Myanmar. They are typically new graduates assigned to areas

Some communities establish their own schools and hire independent local teachers, but under increasing economic pressure their ability to maintain these is weakening. The prohibition on use of ethnic minority languages in the state school system -- apart from its political implications and effects on the vitality of minority cultures -- also acts as a constraint on the achievements of students whose first language is not Myanmar.

The isolation from central Myanmar contrasts with the nearness to more developed neighbouring countries. All along the periphery, transient populations cross the international borders regularly for work, business or to access health facilities.²⁹ Yet, most of the regions in Thailand, Laos, China, India and Bangladesh on which Myanmar borders are remote in their own right and offer limited development opportunities.

D. COUNTER-INSURGENCY ACTIVITIES

The decades of war have not only impeded normal development, but have also caused great destruction and uprooted many communities. Since the 1960s, large numbers of people have been displaced by fighting or forcibly relocated as part of the brutal "four cuts" counter-insurgency campaigns, which seek to deny insurgents access to food, funds, recruits and intelligence by moving the civilian population into areas under government control.³⁰

In the southeast, the situation has further deteriorated since the mid 1990s, when the army captured the last major insurgent bases and stepped up its efforts to secure areas previously controlled by local armed groups. The Burma Border Consortium identifies more than 2,500 villages believed to have been "relocated, destroyed or abandoned" since 1996 in central Shan, Kayah and Karen states, and Taninthary

far from their homes and families where living costs far outweigh their minimal salaries. Most do not even speak the local language. While some do a heroic job under impossible circumstances, absenteeism and lack of motivation are big problems.

²⁹ The Wa and Kokang regions along the Chinese border are for most intents and purposes part of China rather than Myanmar. The common language is Chinese, and most trade and investment come from China, as do many teachers and doctors. They even use the Chinese currency and telecommunication system.

³⁰ This strategy is similar to that applied by the British in Malaya and the Americans in Vietnam, who also faced insurgencies rooted in the local communities.

division.³¹ According to Amnesty International, the army continues to launch regular patrols across large swathes of the countryside, seeking out non-compliant villagers and destroying their shelters and rice supplies to deny support to the remaining insurgents.³²

The total number of people affected is unknown. However, the Global IDP Project estimates that more than a half-million people in eastern Myanmar live in government relocation sites or are hiding from the army in the jungle and mountains.³³ This does not include the 150,000 official Myanmar refugees in Thailand, or the large numbers of de facto refugees, the Thai government defines as illegal immigrants. Conflict-induced displacement is also found in the northwest, in parts of Chin state and in Sagaing division, but little information is available from these inaccessible areas.

While living conditions for the internally displaced (IDPs) differ greatly, they are often extremely harsh. According to reports from international humanitarian agencies,³⁴ most families in the relocation sites are unable to continue cultivating their fields and are left to forage or beg for food; health and education services are usually minimal or non-existent; and demands for forced labour are invariably high. Outside the relocation sites, other families are hiding from government troops, living in temporary shelters, and eking out a precarious living from the forest. Some are forced to move from place to place every few days or weeks to avoid discovery, a situation which further limits their livelihood options.³⁵

Some resettlement has taken place in the ceasefire areas,³⁶ but no or only minimal relief activities have been possible in the remaining conflict zones along the Thai and Indian borders. The implications of this are discussed further in section IV C below.

E. MILITARISATION

The ceasefires have brought a stop to fighting and counter-insurgency activities in many regions but have not led to a demilitarisation of the former war zones. On the contrary, the government has been moving numerous new battalions in to establish control over insecure areas. Under-funded and often insensitive to local populations and their needs, the army has expropriated large land areas for new bases, including fields for growing food and commercial crops.³⁷ Demands for forced labour and other "contributions" to the army have also increased greatly around these bases, particularly since 1997 when local commanders were instructed by the cash-strapped Ministry of Defence to provide for their troops' food and other needs locally.

In northern Rakhine state, local army commanders have taken control of all commerce by establishing an agent system that requires licenses for any sale of livestock, crops or other produce, including in village markets. The licenses are sold by the army through middlemen to the highest bidders. The system squeezes out small-scale traders and creates monopolies, which allows price manipulation at the expense of both producers and consumers.³⁸ Frequent,

³¹ Burma Border Consortium, "Internally Displaced People and Relocation Sites in Eastern Burma", September 2002. The Burma Border Consortium consists of NGOs that distribute assistance to Myanmar refugees in Thailand and monitor the situation across the border in areas of Myanmar from which the refugees come.

³² Amnesty International, "Myanmar: Lack of Security in Counter-Insurgency Areas", July 2002.

³³ The Global IDP (internally displaced persons) database collects information from other sources, primarily human rights groups based in Thailand, <http://www.idpproject.org/>.

³⁴ See, for example, Burma Ethnic Research Group, "Forgotten Victims of a Hidden War: Internally Displaced Karen in Burma", April 1998; Burma Border Consortium, "Internally Displaced People", op. cit.; and Christian Aid, "Burma's Dirty War: The Humanitarian Crisis in Eastern Burma", May 2004.

³⁵ The notion of hundreds of thousands of IDPs requiring emergency assistance is challenged by some international officials in Myanmar, who point out that many of the displaced essentially have resettled and, although facing harsh

conditions, are no worse off than the general population, ICG interviews, June 2004. It is clear, though, that the situation facing many ethnic minority people and communities affected by war and displacement is extremely serious.

³⁶ For example, in 1994, at the time of KIO ceasefire, more than 10,000 Kachin refugees were living in scattered, unofficial camps along the Myanmar-China border, while as many 60,000 were internally displaced within Kachin and northern Shan state. By 1997, most had been resettled in KIO and joint government-controlled zones, with almost no external assistance, ICG interviews, Kachin leaders, February 2004.

³⁷ Around Bhamo in Kachin state, for example, the number of battalions has increased from four to eleven since the KIO ceasefire, each of which is reported to have confiscated several hundred acres of land without compensation, ICG interviews, Kachin state, May 2003.

³⁸ The agent system reportedly is spreading into other parts of Rakhine and Kachin states, ICG interviews, aid officials, Yangon, January-February 2004.

arbitrary openings and closures of international as well as internal state borders further disrupt trade.

In the absence of the rule of law, militarisation fuels exploitive behaviour by soldiers who act with impunity. Most of the armed ethnic groups, ceasefire and non-ceasefire, engage in similar practices, although their ethnic and social bonds with local populations tend to limit the most extreme types of abuse. Indeed, in some areas, villagers are subject to "taxation" from several different armed groups, sometimes from different sides of the conflict lines.³⁹ The inevitable result is further impoverishment and, in some cases, displacement as families flee to areas with a less pervasive military presence.

F. COMMERCIALISATION

Improved access to former conflict areas has also attracted new investors, who are plundering the natural resources, closing access for local communities and rapidly exhausting the potential for development. Most are outsiders, including military officials and entrepreneurs from central Myanmar, drug warlords, and foreign companies. However, they often collaborate with local elites, including leaders of ceasefire groups and wealthy villagers, to the exclusion of the general population, thus also contributing to widening inequality.

The nature of these new commercial activities varies. In Mon state, large-scale agri-businesses have driven small farmers off the land, in a government-supported program of privatised agricultural expansion.⁴⁰ Similar trends are visible also in eastern Shan state where former insurgent groups in cooperation with Chinese investors are establishing large rubber and fruit plantations as part of their drive for top-down development. While often presented as crop-substitution activities for poor opium farmers, it is unclear how these plantations benefit local communities. In fact, their commercial sustainability is often questionable, as access to markets is lacking.⁴¹

The greatest problems occur in connection with natural resource extraction, including mining and logging. In Kachin state in particular, large mining

companies have displaced local people engaged in small-scale gold-panning and digging for jade, rubies and other gems. They generally operate in total isolation from local communities, bringing in everything they need from the outside and taking away the minerals for sale elsewhere. The industrialisation of mining has also been accompanied by increased mechanisation (at the expense of many jobs both locally and for migrants from other poverty-stricken parts of the country), and is causing great damage to the environment.⁴²

Logging of teak and other commercial wood has increased massively over the past fifteen years, primarily along the Thai and Chinese borders, with areas of operation gradually expanding as new roads improve access. Concessions are sold by the government, army, and ceasefire groups, mainly to Thai and Chinese companies, which have large resource hungry markets at home. In some cases, local communities have been given minimal compensation, but often they are simply denied access to forests where they traditionally foraged for firewood, food and other products, or at best are hired for labour. They are also hurt more indirectly by the massive deforestation, which causes soil erosion and falling water levels, thus undermining local agriculture.⁴³

Militarisation and commercialisation are closely linked, as those in power control access to all land, forests and minerals. In principle, all natural resources are owned by the state and thus managed by the central government, but the relevant ministries are routinely overridden by military officials, including senior generals, local commanders and individual army battalions and military intelligence units, who sell concessions to companies without any apparent accountability or transparency.⁴⁴ Most ceasefire groups have been granted extensive concessions by the government to fund their operations and local infrastructure projects, while the remaining insurgent groups continue to sell logs and other resources to fund their armies as they have always done. For all

³⁹ ICG interviews, Karen state, January 2003.

⁴⁰ ICG interviews, Mon state, January 2003.

⁴¹ ICG interviews, eastern Shan state, March 2004.

⁴² Several Chinese companies, for example, have been dredging the Irrawaddy River for gold and removing the topsoil along the riverbanks, often disposing of mercury used in the processing directly in the river, ICG interviews, Kachin state, May 2002.

⁴³ For a detailed perspective on logging and its implications for local communities, see Global Witness, "A Conflict of Interests. The Uncertain Future of Burma's Forests", October 2003.

⁴⁴ Ibid.

these groups, the income from natural resources is vital for maintaining power, as well as a major source of personal wealth for their leaders. Very little is funnelled back into the local economies or used for genuine development. The results are widening inequality and growing potential for social unrest.⁴⁵

G. OPIUM ERADICATION

Myanmar has been one of the two largest producers of opium and its derivative heroin in the world since the 1950s, when production was put on a commercial footing by remnants of the Chinese Nationalist Army (the Kuomintang), supported by the U.S. Central Intelligence Agency (CIA). Over time, opium has become the primary means of survival for an estimated 400,000 farming households, primarily in Shan state east of the Salween River, who grow it as a cash crop to buy rice and other food.⁴⁶ Yet, since the mid 1990s, national and local authorities under international pressure have begun enforcing an opium ban, resulting in a sharp decline in production in some areas.⁴⁷

In principle, opium eradication has been accompanied by efforts to introduce alternative crops and income opportunities. However, the effectiveness of law enforcement activities has far outpaced these development activities. While individual farmers face jail or worse for failing to comply with the ban, most alternative development has focused on big infrastructure projects and commercial plantations, which have questionable or at best only long-term

benefits for the farmers.⁴⁸ The United Nations Office on Drugs and Crime (UNODC) has sought to rectify this by implementing community development projects in the southern Wa region. However, these cover only about 8,000 households (2 per cent of the total number of opium farming households in the country) and have faced a number of difficulties, including lack of funding, which have limited their effectiveness.⁴⁹

Breaking the shackles of the opium economy is critically important for peace, stability and democratisation in the Border Areas and the country at large. It would also have significant social benefits, as growing abuse, in particular of injected heroin, is destroying the lives and earning potential of increasing numbers of primarily young men and fuelling the HIV/AIDS epidemic.⁵⁰ In the absence of sufficient alternative income opportunities and support for the affected communities, the implications are hugely damaging. Most communities have lost the knowledge and traditions which sustained them before opium was introduced and have become weaker and more vulnerable as a consequence.⁵¹ Tens of thousands of families in Kokang and elsewhere have been pushed further into abject poverty, and a humanitarian crisis looms over Eastern Shan State.⁵²

H. GOVERNANCE STRUCTURES

The continued exploitation of local communities by vested interests, whether military, commercial or criminal, blurs the line between war and peace and underscores the need to strengthen the rule of law and protect people from the powers that be whatever their affiliation. This, however, is a gigantic task in regions that for decades have known only wartime governance or have never truly been governed by anyone.

The ceasefires, together with major military advances during the 1990s, have extended the central

⁴⁵ The Pao National Organisation (PNO), which has extensive business interests in southern Shan state and elsewhere ranging from tourism to concrete production and winemaking, may be a rare exception. A substantial part of the profits of its flagship Ruby Dragon Company are apparently invested in local development projects, ICG interviews, southern Shan State, August 2003.

⁴⁶ Joint Kokang-Wa Humanitarian Needs Assessment Team, "Replacing Opium in Kokang and Wa Special Regions", March 2003.

⁴⁷ The Shan State Army (North) had eradicated opium in Shan Special Region 4 by 1997; the Kokang authorities achieved this in Shan Special Region 1 in 2003; the United Wa State Party has set a July 2005 deadline for Shan Special Region 2, which it seems intent on keeping. Elsewhere in Shan state, the army has engaged in forced eradication to differing degrees. The results of these campaigns are evident from opium surveys undertaken by both the UNODC and the U.S. Drug Enforcement Agency (DEA), which indicate a major drop in opium production from 1996 to 2003, in terms of acreage as well as output.

⁴⁸ ICG interviews, eastern Shan state, March 2004.

⁴⁹ UNODC's funding situation has improved somewhat over the past year, and the agency, in cooperation with other UN agencies and international NGOs, is expanding into the northern Wa region, ICG interviews, UNODC officials, eastern Shan state, March 2004.

⁵⁰ Heroin injection is responsible for 30 per cent of officially reported HIV cases in the country and is a particular problem in the mining areas of Kachin and Shan states, ICG interviews, aid workers, Yangon, January 2004.

⁵¹ ICG interviews, eastern Shan state, March 2004.

⁵² See section IV C below for further details.

government's presence further into the Border Areas than ever before. However, seventeen "special regions" remain formally under control of ethnic nationalist armies, which have varying degrees of autonomy and inclination to cooperate with the government. While the Kokang and Pao, for example, work closely with government ministries, the Wa allow only a token government presence in their capital, Phangsan.⁵³ The Mon also long kept their distance from Yangon, relying instead on limited cross-border assistance from Thailand. Only in the past few years has the New Mon State Party (NMSP) Development Committee initiated small infrastructure and agriculture projects in partnership with the government.⁵⁴

The fragmentation of authority is evident within both central government and ceasefire administrations as well, where different departments and individuals often vie for control. In some of the most remote and conflict-affected regions, there is no clear demarcation at all of an authority that may be claimed by several armed groups or no one. The primary organising principle in many areas is competition for control over natural resources, which frequently causes clashes between army battalions, local warlords and security forces of private companies.

The problem of unclear or overlapping authority is compounded by weak administrative capacity. Although the ceasefire agreements in theory have facilitated the establishment of more specialised civilian administrations, these often differ little from the military structures of the past. In government-controlled areas, local commanders are in absolute control, having been granted extensive autonomy in carrying out regional administrative and development as well as military tasks. Line ministry personnel present have little authority.

There are significant differences among the ceasefire administrations. While some, such as the Kachin Independence Organisation (KIO) and the New Mon State Party (NMSP), have formal administrative systems with departments for health, education, development and other subjects, others are little more than loose networks of warlords whose essential

purpose is amassing wealth for themselves and their clients. Here, too, soldiers or ex-soldiers remain firmly in control. The exercise of authority is top-down, command-style, although the traditional extractive, tributary nature of relations with the peasantry is softened in some areas by emerging civil society structures (or in the case of the Pao, by the influence of a benevolent leader).⁵⁵ Even those groups with more modern, rational governance structures have limited capacity for public administration or development, beyond maintaining control of their territory.

These weaknesses are a direct result of decades of war but also reflect broader issues of political culture and administrative expertise. In many areas, political organisation has changed little over the centuries and few people have any formal education or experience with modern administration.⁵⁶ The establishment of effective local governance structures necessary to sustain the demand by all ethnic groups for increased local autonomy is thus a major task in itself and likely to take decades. Minimal requirements include demilitarisation and a clearer division of authority and responsibility between the centre and the regions. For the time being, authority in large parts of the Border Areas not only grows out of the barrel of the gun, as in the country at large, but is also exercised through it.

I. CIVIL SOCIETY

One of the most positive results of the ceasefires is the growth of new civil society networks in some areas. Over the past ten years, civil society groups within the clan-based Kachin society have re-emerged in the space created by relatively stable ceasefires. Aspects of the situation in Mon and Karen states are also encouraging. These networks are almost without

⁵³ ICG interviews, Kokang region, December 2002; Pao region, August 2003; Wa region, March 2004.

⁵⁴ At the same time, the Mon Women's Organisation (MWO) has extended its community development, income generation and adult literacy activities beyond the NMSP-controlled zones, to Mon communities across lower Myanmar, ICG interviews, Mon state, February 2004.

⁵⁵ ICG interviews, representatives of ceasefire administrations and local civil society groups, Yangon, February 2004.

⁵⁶ The UWSA's command style and distrust of autonomous community organisations, for example, owe much to traditional Wa political culture and to ideas of the leading role of the party inherited from the Communist Party of Burma (of which the UWSA was an element until the 1989 ceasefire). These factors are exacerbated by the limited social and economic opportunities in the Wa sub-state, the minimal quantity and poor quality of education and health services, the degraded natural environment, and the pervasive corruption, political violence and warlordism associated with the booming drugs trade in the region. However, the UWSA is not monolithic, and some Wa leaders see development initiatives as part of an exercise in Wa state-building.

exception non-political (or at least do not vie for political influence) and primarily oriented towards social welfare activities, but they may over time help to produce capable leaders and strengthen local governance structures. They already provide an important alternative to the state for provision of services, having in some areas established quite extensive education and health systems.⁵⁷

Civil society networks do also exist among war-torn communities in which insurgent groups have not renounced armed struggle. For example, the number of Karen organisations participating in community development activities has increased markedly over the past five years, despite the on-going Karen insurgency, intra-Karen factional struggles, and continued government restrictions.

Conversely, a ceasefire is no guarantee that civil society will expand. Many areas of Shan state have an underdeveloped or basically non-existent civil society sector (likewise, Chin and Rakhine states, which have experienced less fighting). This is to some extent the result of the feudal nature of leadership, which is hostile to local organisation. Shan state also has less developed inter-communal linkages, partly reflecting its extremely heterogeneous ethnic composition.

Overall, while conditions have improved in many parts of the Border Areas as a result of the ceasefires, the obstacles to development are immense. The situation is complicated by the diversity of situations. Common problems often have different root causes, involving different actors. Also, many regions or sub-regions have their own pressing problems which make harder any concerted development effort, whether it is discrimination against Muslims in northern Rakhine state, deforestation in Kachin state, drugs in eastern Shan state or IDPs along the Thai border.

IV. A FOREIGN AID FRAMEWORK FOR THE BORDER AREAS

"There is currently a window of opportunity to help build capacity and work directly with local communities. Let us start to make our own decisions about development" (Seng Raw, Program Director, Metta Development Foundation).⁵⁸

The challenges foreign donors, aid agencies and their local partners face in addressing the legacies of war, structural violence and long-standing neglect in the Border Areas are immense. However, progress is being made as access improves, and much more would be possible with increased attention, knowledge and financial resources. The purpose here is to present some strategic guidelines for aid, not a detailed plan.

A. GENERAL PRINCIPLES

The ability of aid agencies to help poor communities in the Border Areas has been greatly limited in the first instance by the actions and disregard for human rights of the military junta, but also by policy choices made by donor governments.⁵⁹ In order to help break the vicious cycle of conflict and underdevelopment, there is need for significantly more foreign aid, particularly related to sustainable livelihood activities with a longer timeframe. Donors should also reconsider their position against working with government technical departments.⁶⁰

1. Increase foreign aid

Since sanctions were first imposed in 1988, Myanmar has received only a fraction of the aid per capita of countries such as Cambodia, Laos and Vietnam, which face similar development challenges.⁶¹ The

⁵⁷ The New Mon State Party (NMSP), for example, administers local education and health systems, which are organisationally distinct from the government system and rely heavily on community and international donor support. The party during the 2002-2003 school year administered 187 Mon National Schools with more than 50,000 pupils, approximately 70 per cent of whom lived in government-controlled areas, ICG interviews, Mon state, February 2003.

⁵⁸ ICG interview, January 2003. The Metta Development Foundation, based in Yangon, is active in parts of Kachin, Shan, Kayah, Kayin (Karen) and Mon states as well as the Irrawaddy Delta and describes itself as a national NGO that seeks to help Myanmar communities recover from the impact of decades of armed conflict. www.metta-myanmar.org.

⁵⁹ See ICG Report, Myanmar: The Politics of Humanitarian Aid, op. cit.

⁶⁰ See section D below on "Partnerships".

⁶¹ In 2002, UN agency budgets in Myanmar totalled about \$40 million, while the 35 international NGOs active in-country spent approximately \$15 million. ICG interviews, international aid workers, Yangon, February 2003. Japan and some other states provided further bilateral aid, while a number of donors funded programs inside Myanmar, without having a full-time presence

situation has improved somewhat over the past few years, partly due to new commitments from the British Department for International Development (DFID) and the European Commission's Humanitarian Office (ECHO), following an EU decision to separate political and humanitarian issues.⁶² Yet, bilateral aid remains extremely limited, and major donors continue to veto any assistance from the international financial institutions, including the World Bank's "Low-Income Countries Under Stress" (LICUS) and post-conflict programs, which are designed for countries such as Myanmar.

Donors are understandably reluctant to bail out a government which spends 40 per cent or more of its budget on the military, while starving the health and education sectors. Many feel that significant aid should await improvements in governance, usually seen as the transfer of power to a democratically elected government. However, waiting creates more serious problems for the future and lessens the chances that a new government would be able to turn the situation around.

Though the situation has now improved with the Joint Action Plan on HIV/AIDS, that disease was allowed to reach epidemic proportions in the 1990s before donors reacted. The erosion of the country's natural resource base, largely ignored by donors, presents a similar ticking bomb, as increasing land degradation and deforestation threaten the future of the all-important agricultural sector. In many areas, the lack of assistance is costing opportunities to make changes now that could prevent a serious long-term worsening of the situation and reduce the need for future assistance.

This is not to deny that policy changes must take priority in any development effort.⁶³ However, many of Myanmar's political, administrative and economic problems are chronic and will take decades to overcome, even under more enlightened leadership. Whatever the government in power, the state will not in the foreseeable future have the resources necessary to expand and improve social services throughout the

Border Areas, nor will the poor generally have the surplus needed to experiment, for example, with new agricultural technologies that might help them out of the poverty trap. There is also a great need for more human resources for advocacy and capacity-building activities, as well as data collection and analysis to increase knowledge about local conditions. For all these reasons, substantial international assistance is a necessary component of any effective development program.

2. Go beyond relief aid

Apart from the amounts of assistance, the focus of aid programming is important. Many donors have taken the position that while humanitarian aid to Myanmar is appropriate, development aid is not where it cannot be separated from government-controlled ministries and delivered through civil society or local authorities. This is a political distinction, aimed at not registering support for a national dictatorial regime which takes credit for such aid projects. But it is one that rarely makes any sense in strictly development terms. It has resulted here in very limited programs, focusing mainly on basic health care and major diseases, which do little to address the totality of vulnerabilities facing many communities or to build for the future.

For international aid to be truly humanitarian, wherever possible it must help to develop the full range of assets of poor households and integrate local communities into the national economy and social infrastructure. It makes no sense to deny local communities support for food production, income generation or basic education. Indeed, each of these areas is critical to improvements in the health sector as well. By promoting longer-term, sustainable improvements in people's livelihoods, much headway could also be made toward addressing international priority issues such as opium-growing, human trafficking and illegal immigration, which are essentially poverty issues.⁶⁴

3. Make longer-term funding commitments

The timeframe for aid commitments is another constraint on current development programming. Since most assistance to Myanmar, explicitly or implicitly,

or memorandum of understanding (MOU) with the government. However, total aid per capita was still less than \$3. By contrast, Cambodia, Laos and Vietnam in 2000 received \$30.40, \$53.20, and \$21.90 per capita respectively UN/ESCAP, Statistical Yearbook for Asia and the Pacific, 2002.

⁶² Several other European countries are also looking at the possibilities for new programs in Myanmar.

⁶³ See section II B above.

⁶⁴ It is no coincidence that UNODC and UNHCR, neither of which are development agencies, have become involved in community development programs in their attempt to deal, respectively, with drugs in eastern Shan state and refugee resettlement in northern Rakhine state.

has been conditioned on unpredictable political developments, few donors have been prepared to commit funding for more than a year at a time. On several occasions, funding has been frozen or withdrawn following negative political events, causing severe disruptions and a stop-go pattern to aid activities.

This makes aid planning impossible and is greatly detrimental to the development processes needed to reconstruct war-torn communities and economies and provide for sustainable improvements in people's livelihoods. It takes a long-term commitment, for example, to develop sustainable agricultural, forestry and land management technologies. The same is true for enriching social and human capital and effectively targeting vulnerable populations for whom the poverty cycle is rapidly spiralling downward.

Weak governance requires donors and aid agencies to be cautious but is also the primary reason why assistance is so needed. Critical engagement by aid agencies on the ground has elicited new commitments from the top leaders to combat, for example, HIV/AIDS and human trafficking, which in turn creates space for government departments, international organisations and civil society groups alike to begin to address some other key problems. It has also made a significant difference by bringing relief directly to vulnerable communities and building local capacities for development. Without such engagement, the prospects for any improvement in governance and the socio-economic conditions for the majority of the poor are very slim.

B. ASSISTANCE COMPONENTS

While donor constraints impede effective aid programs, so does timidity by implementing agencies, which often shy away from addressing the underlying causes of vulnerability, fearing that it might disrupt relations with the government. Such fears are realistic, but it is necessary to push the envelope. Aid agencies must do more to advocate the rights of vulnerable communities and help build their capacity to take charge of their own development, not just provide essential inputs and services. They also need to address deep-rooted conflict structures at the local level.

1. Advocate the rights of local communities

The primary cause of poverty in the Border Areas is not ecology, but human decisions and failures. Effective aid programs, therefore, depend critically

on advocacy to promote the rights of local communities and moderate negative interventions by the state and other powerful actors.

Aid agencies must challenge the distortion of information by political actors that exacerbates the large gaps in data on socio-economic conditions in Myanmar. While international aid agencies over the past decade have helped shed some light on the country's silent emergency, many reports are confidential or only narrowly circulated due to political sensitivities. Too rarely do agencies openly challenge figures known or suspected to be wrong. On the contrary, many official reports are guilty of using questionable government (or opposition) data without sufficiently elucidating their weaknesses and political biases, thus reinforcing misrepresentations of conditions in the country. If aid is to be effective, there is a need for more honest and open assessments that allow sharing of data and facilitate better identification of the problems and effective responses.

Aid agencies also have a responsibility to promote policies that help the most disadvantaged (and challenge those that harm them). The government's emphasis on large-scale, commercial agriculture and industry, for example, is unhelpful at best to highland communities, who need small-scale, labour-intensive technology that draws on locally available production. There is also a particularly acute need to strengthen land use rights in the Border Areas, where many people are being robbed of their land and denied access to other natural resources. Together with the need to expand social services in remote areas where no private alternatives are available, these are key policy areas for international advocacy which ideally should be rooted in on-the-ground experience to maximise influence with national and local authorities.

Finally, aid agencies must address human rights abuses. The unsettled security situation in many parts of the Border Areas, compounded by remoteness and weak governance structures, as noted, leave their largely ethnic minority populations particularly vulnerable to a range of abusive and exploitive practices that undermine local subsistence economies. The primary responsibility for human rights issues lies with institutions like the UN Human Rights Rapporteur, the International Labour Organisation (ILO), the UN High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC), which have special protection mandates and have strengthened their presence in the country in recent years. However, all UN agencies

are committed by the Charter to promote human rights. International NGOs, too, should act on injustice wherever they encounter it.

Many aid agencies shy away from advocacy, believing that they lack influence or would alienate the authorities and so cause disruptions in their programs. However, this view underestimates the commitment to development among government officials, which, although far from omnipresent, is found at all levels and should not be assumed to be lacking without test. Not all harmful public policies are the result of ill-will, nor are all harmful actions the result of public policy. In the highly fragmented administrative system, one can rarely predict where support might come from, but by engaging as far as specific project sensitivities allow with stakeholders at all levels, aid agencies can help to harness forces for change wherever they exist and build broader support for development.

Importantly, advocacy is not just a national level issue. The de facto decentralisation of power makes the administrative and economic systems susceptible to -- and indeed often dependent on -- change through local interventions. The autonomy of local commanders, for example, creates opportunities for pushing progressive projects and policies in one area that are impossible in others. Aid agencies also play an important role in alerting local authorities and communities to opportunities in existing laws and regulations and overcoming bureaucratic inertia and resources gaps at the township level.

Disruptions of programs may occur if aid agencies challenge existing power structures or are perceived to overstep their mandates, but this is a necessary risk in the quest for broad-based development. It can be minimised by co-publishing surveys and pursuing joint advocacy efforts to minimise the exposure of any individual organisation.⁶⁵

2. Promote civil society growth

The inhabitants of Myanmar's Border Areas no more than people elsewhere can rely on international agencies to speak or act on their behalf; nor can they rely on the government to provide an environment conducive for development. Even a best-case democratic transition would likely leave in place many macro-level development constraints, including

weak governance structures, limited state resources and high socio-political tensions. The poor and disadvantaged need assistance to make their own voices heard and take charge of their own future.

Civil society organisations (CSOs) have a critical role to play in holding the state accountable to local interests, as well as in organising social welfare and development activities. They also provide a crucial counter-balance to the armed groups, which dominate local power structures in the Border Areas but generally have failed to promote development beneficial to the wider population in their areas. The weakness of civil society is a major obstacle to sustainable human development. Overcoming it must be an objective in its own right as well as an integral part of a broader democratisation process.⁶⁶

Given the enormous political constraints on civil society, the long-term challenge is to widen the space for citizens to organise and engage in the public debate.⁶⁷ While this will ultimately require fundamental changes in the regime which are outside the scope of direct aid interventions, aid agencies can create context-specific space by advocating civil society participation in development activities in general, and their own projects or programs in particular.

Nurturing the capacity of specific civil society organisations and networks is another important task. There is a relatively large and growing number of non-governmental development organisations (NGDOs) and particularly community-based organisations (CBOs) engaged in social welfare or development activities.⁶⁸ There is also an intricate, insufficiently understood system of more informal social networks.

Nevertheless, the sector has a long way to go before it can serve effectively as an organising force and

⁶⁵ Of course, this would also facilitate inter-agency coordination.

⁶⁶ Many CSOs in the Border Areas have evolved out of -- and must address -- deeply-ingrained undemocratic practices and political cultures developed over decades of civil war. In demonstrating transparency and accountability to donors and beneficiaries (their local communities), they can provide models of alternative political and social organisation and mobilisation.

⁶⁷ If suitable pre-conditions are not in place or cannot be induced over time, the impact of direct civil society assistance will eventually whither.

⁶⁸ A recent survey by Save the Children UK identifies 62 NGDOs in Yangon alone, many of which are active in the Border Areas. Based on selected townships in each of the fourteen states and divisions, it further estimates that the country as a whole has 140,000 CBOs engaged in social welfare activities of one form or another.

voice for local communities. Most CSOs are member-based (rather than public service-oriented) and focus on limited social welfare activities (rather than structural issues such as poverty and disempowerment). They have limited organisational capacity, and linkages among them are weak or non-existent. Still, they represent the genesis of a future, more socially and politically influential civil society and play an important role in providing social and economic safety nets for the poor.

Aid agencies work mainly with a few NGDOs and church organisations which function according to Western notions of civil society (i.e. they are formally organised, fully independent of the state and public service-oriented). This, however, reflects biases that are at odds with the realities of Myanmar society and ignores important traditional structures. While the Buddhist networks, for example, tend to be localised and centred on individual monks, who may not conceptualise or present their aims and objectives in a manner readily intelligible to Western agencies, they are much larger and more influential in Myanmar's overwhelmingly Buddhist society than the church organisations. The aim must be to identify and work with all parts of civil society (or indeed the private sphere in a broader sense) that can contribute effectively to sustainable human development.

The final step is to help facilitate linkages between government and community structures. The ability of CSOs to promote development depends significantly on their ability to influence policymaking and gain outside material support. Aid agencies must, therefore, work to create new venues for civic participation in public affairs by bringing government and non-government actors together around key development issues.

Some efforts have already been put into establishing a dialogue about humanitarian issues between the regime and the NLD, though with little success. However, in development terms, the more important issue is to give ordinary people a voice in public policy decisions that affect their daily lives. This may be possible at the national level, but given the lack of a culture of consultation, the logical place to start is at the lowest, township, level of state administration. By bringing together local authorities and communities, aid agencies can help bridge the immense gap between the policy level and local communities, which generally are alienated from the government

and have little experience with or concept of their rights vis-à-vis the state.⁶⁹

The lack of capacity in many local communities together with government sensitivities to participatory programming may tempt aid agencies simply to hand out development assistance. Ethnic leaders often complain that UN programs, in particular, replicate government practices in structures and style without truly empowering or involving the local people as participatory stakeholders.⁷⁰ This all but guarantees that programs fail to address the underlying causes of poverty and promote a culture of dependency rather than empowerment and sustainable development.

Crucially, nurturing civil society is about more than using CSOs to implement international aid programs, although some capacity-building may take place as part of such operational relationships. The aim is to empower local communities and help change how the Myanmar state and society function, not just to improve aid delivery.

3. Work to alleviate conflict

One of the most important contributions aid agencies can make in the Border Areas is to help reunite long-divided communities and facilitate local cooperation for development. Yet, almost nothing of this nature is done,⁷¹ and many agencies seem oblivious to the conflict implications of their work.

Decades of conflict have left a deep legacy of distrust among ethnic, religious and other social communities, which is further compounded by the intensifying struggle over scarce resources. The army's use of such divisions to turn local armed groups against each other and expand central government control in ethnic minority areas is widely recognised. Much less attention has been paid to the consequences for community

⁶⁹ Local authorities are part of the centralised state bureaucracy and traditionally have been preoccupied with administrative functions such as tax collection and organisation of labour for public projects. Yet, they often show some commitment to development of local areas in which they live and work, which can be harnessed to work for community interests.

⁷⁰ A Karen church leader emphasises: "Aid agencies do not need to re-invent the wheel. They would do better to work with local people with vision and commitment, rather than implement their programs directly", ICG Interview, Karen state, February 2003.

⁷¹ In a recent survey, international NGOs reported spending less than 1 per cent of their budgets on conflict resolution activities, Funding Survey Working Group, March 2002.

development, which depends crucially on the degree of social cohesion and intra-village cooperation.

General support for civil society may help to overcome social divisions by fostering mutual trust and cooperation -- social capital. However, some CSOs have divisive agendas or unintentionally contribute to divisions by limiting their membership or beneficiaries to particular groups.⁷² Similarly, international actors may cause divisions by supporting some groups of beneficiaries but not others. Careful attention must be paid to conflict structures and the imperative of overcoming them as an element of aid programming in its own right.

C. PRIORITY INTERVENTIONS

Although the aim must be to uplift the Border Areas as a whole to help overcome deep-seated structures of inequality and facilitate the inclusion of all ethnic groups into mainstream society, some areas take priority due to particular needs and/or opportunities. These include areas along the Thai border, which face a major need for resettlement and rehabilitation of displaced populations, as well as parts of Shan state that are subject to opium eradication and an impending total ban on the growing of poppies.

1. Resettlement and rehabilitation along the Thai border

While the situation in many parts of the Border Areas has improved, large sections along the Thai border in central Shan, Kayah, Kayin (Karen) and Mon states and Tanintharyi division are still affected by armed conflict, which threatens lives and livelihoods. Moreover, Thailand is poised to begin repatriating Myanmar refugees and illegal immigrants on a large scale, many of whom come from these conflict zones.

The resettlement and rehabilitation of IDPs, refugees and other displaced populations will require major post-conflict reconstruction efforts to establish the basis for longer-term development in areas that have effectively been depopulated and destroyed. Many villages literally will have to be rebuilt; new

infrastructure must be put in, fields rehabilitated and social services re-established. Before any of this can proceed, it will be necessary to locate and begin to remove the thousands of landmines laid by all sides.⁷³

So far, government sensitivities and general insecurity have greatly limited the scope for assistance in these areas. Backpack teams from Thailand and local religious organisations have been able to provide some food and medical aid, but they reach only a small proportion of those in need. The peace talks between the government and the KNU, however, may increase international humanitarian access and pave the way for longer-term development programs. The UNHCR has already reached an agreement with the government to begin needs assessments and basic social service delivery in nine townships in Karen state, Mon state and Tanintharyi division. This opening may be used, first, to institutionalise an international presence in the south eastern border regions and secondly, to expand access to other former conflict zones.

2. Alternative development in eastern Shan state

Further north, eastern Shan state faces a humanitarian crisis that could grow greatly if policies on opium eradication are maintained without adequate support for the families affected.

In the Kokang region, the ban on opium production since 2002 has resulted in a significant increase in poverty among farmers, who were already among the poorest in the country. Some families have lost up to 80 per cent of their annual income, forcing them to cut meals, borrow food or sell their livestock and other assets. In some villages, more than half the parents have taken their children out of school, and two out of three private clinics and pharmacies have closed due to a fall in customer demand. According to Japanese aid officials, a third of the population has left the region in search of alternative income opportunities. Even then, intensified cultivation to make up for lost income and food shortfalls is greatly increasing the pressure on marginal land, causing soil degradation

⁷² Many religious leaders, in particular, focus only on the needs of their flock and have little interaction with members of other denominations or religions, although there are exceptions. In a rare but fine example of inter-faith dialogue, Buddhist and Anglican leaders in Pa'an cooperate on education, helping to bring divided communities together, ICG interview, church leader, Karen state, February 2004.

⁷³ According to the International Coalition for Banning Landmines. "Landmine Reporter 2003", the Myanmar army, as well as fifteen ethnic armed groups are or have been using landmines. Nine out of the fourteen states and divisions are believed to be affected. The total mine casualties is not known.

and other stresses on the environment with serious long-term implications for development.⁷⁴

The World Food Programme (WFP), in cooperation with several international NGOs, has initiated an emergency food distribution program in Kokang, funded mainly by Japan. With a population there of only 100,000-150,000, the situation in humanitarian terms is manageable. However, the negative consequences of the opium ban could increase many-fold over the coming years if eradication accelerates in the Wa region and elsewhere in Shan State and other areas. Ultimately, more than 400,000 households (2 million people) that currently depend on opium for their survival could be affected. These communities not only need food aid to cushion the immediate impact of lost income, but also longer-term assistance to help reorient their economies away from opium production.

The wider implications of the drive for opium eradication remain uncertain. However, if it continues on its present course, without the necessary assistance, there is a danger that the immediate costs in lost livelihoods could be exacerbated by renewed conflict and resultant human rights violations as farmers faced with hunger return to growing opium and attract further repression from the authorities. Alternatively, the ceasefire groups might return to war to protect their positions and ward off the risk of local rebellions by disaffected farmers. Any such scenarios would seriously set back the efforts to promote peace, human rights, and political reform in the northeast.

D. PARTNERSHIPS

The politicisation of aid by both donors and the Myanmar government greatly complicates decisions about aid partnerships, as do the existence of overlapping authorities in many areas and the limited capacity of both state and civil society organisations. Most aid agencies currently work directly in target communities to avoid these problems but this creates its own internal capacity-problems and limits opportunities for policy dialogue and training critical for future development. Political considerations aside, there is a major need for international agencies to work with national partners at all levels, both to improve program coverage and effectiveness and to nurture local institutional capacity and human capital.

1. National government

Many donors feel that any cooperation with the government should be minimised to avoid legitimising the status quo. Others are concerned that government programs in the border regions are used mainly to subjugate ethnic minority populations. However, excessive fear of reinforcing existing power structures impedes the ability of aid agencies to help strengthen the state's development capacity, support progressive initiatives and improve state-society relations.

Cooperation with technical government departments is critical for the development of Myanmar under any regime. To refuse to work with government officials is an opportunity lost to contribute to a bank of skills and knowledge on key development issues that would help the country in the long-term. By working with technical government departments, international actors can spread knowledge about international standards of governance, development and human rights, help empower and motivate "good" officials, whose continued commitment will be critical also for any future administration, and ensure maximum coverage and sustainability of programs.

Donors and aid agencies must be very careful about not contributing to a perceived Burmanisation of ethnic minority areas but the solution is not to keep the two worlds apart. Peace and development depend on establishing an effective administrative presence in ungoverned parts of the country and building new trust between the state and society. The government has acknowledged the seriousness of regional disparities and shares an interest in development of the Border Areas. This creates space for cooperation, which should be exploited to strengthen the commitment to community development and help marginalised populations.

2. Ceasefire administrations

The ceasefire groups, which since the late 1980s have taken full or partial control of seventeen special regions, have been largely ignored by international aid agencies. This is partly a reflection of power realities. Even in the Wa region, which is under full control of the United Wa State Army, aid activities require central government permission.⁷⁵ However, it may

⁷⁴ ICG interviews, April-May 2004.

⁷⁵ There are one or two examples of international NGOs working in the borderlands of northwest Myanmar on local authority only, having entered through China, but this is probably not feasible for any organisation that also wants to work elsewhere in the country.

also reflect a lack of understanding of the nature of these groups and their role in the future administration of the country.

Some UN officials seemingly fear that the military leaders would disapprove of direct cooperation with their former enemies, and most international NGOs try to stay at arms length from any authorities, central or local. There is nothing to suggest, though, that working with the ceasefire groups would be particularly problematic. In fact, the UNODC has long been working with the Wa authorities, with the government's blessing. The situation is more complicated with groups that are on less good terms with the government, but given the emphasis placed on development of the ceasefire areas and the expressed intention of government officials to confirm some form of local autonomy in a new constitution,⁷⁶ absence of such cooperation may be more due to aid agency hesitance than any definite constraints.

Aid agencies should be aware of the nature of these groups, which are led by veteran soldiers and are often deeply authoritarian in their internal workings. Some have lost support in local communities due to their failure to establish a new basis for legitimacy once the fighting stopped. However, like the military government, they are part of the reality of governance in Myanmar today and have major influence in the special regions, which constitute a significant proportion of the country. Any genuine attempt to develop the Border Areas, therefore, requires that aid agencies come to terms with them and work to strengthen their understanding of and capacity for development.

Importantly, most current leaders of the armed groups are likely to remain influential in a post-constitution administration. In many cases, these groups are still seen to represent local ethnic interests, and some leaders may establish political parties to contest the next round of elections, while others take leading roles in new regional administrations. Although the current administrative structures of the ceasefire groups are unlikely to survive unmodified in a new constitutional order, local power structures will not change significantly overnight. Any capacity that can be built now will, therefore, support future decentralisation efforts.

⁷⁶ The sincerity of the military government on this point must be open to question, of course, in light of its record, but it should be tested.

3. Civil society organisations

The number and capacity of local civil society organisations, including non-governmental developmental organisations, community based ones and religious networks, are limited. Yet, they are key partners for international aid agencies for three reasons.

First, constraints on access for international aid agencies, compounded by their limited logistical capacity, means that cooperation with local civil society often is the only way to reach remote and sensitive areas. Several funding agencies are already working with church organisations, which have access to otherwise inaccessible populations, including IDPs, in the border regions.⁷⁷

Secondly, local partners help ensure relevance and local ownership of aid projects and improve sustainability. Thirdly, operational cooperation can be an integral part of local capacity-building. By working with local organisations, international agencies can provide assistance in ways that strengthen human capital, develop leadership capacity and encourage a more effective and dynamic civil society.

There are narrow limits to how much aid can be channelled through civil society. Most of the organisations, particularly at the grass-roots level, lack the planning, funds absorption and evaluation capacities necessary to implement more than small programs. There is also a risk of attracting negative government attention and thus hampering work already underway. Supporting the development of civil society networks without overwhelming them -- developing genuine partnerships which respect local conditions and constraints -- is a challenge that requires long-term commitments by international agencies, but not necessarily large funds. The sector must be built up step-by-step.

Further, as with other partners, international agencies must pay careful attention to the position of civil society organisations in the communities and the

⁷⁷ The churches have long been involved in development activities and have the most extensive structures of any non-governmental organisations for this purpose, particularly in the border regions where Christianity is widespread. The Buddhist monasteries also play an important though less formal social welfare role, particularly in Shan and Mon states and Thanintharyi division, as do the mosques in Rakhine state. However, such partnerships have yet to be fully explored and would require different modalities for aid delivery. The government is extremely sensitive to international, non-religious contacts with Buddhist organisations, and the monkhood itself is split over its non-religious role.

extent to which their membership and methods of operation support the objective of peace-building. In Kachin state, for example, the churches with their state-wide reach, rational-bureaucratic culture and Christian service ethic play a key role in the growth of civil society, helped by the strong cultural identities and high levels of community solidarity shared among different Kachin sub-groups. However, in more religiously-fractured communities -- such as Karen state where Christianity and Buddhism both have large followings or Chin state where multiple Christian denominations often vie for control in a village -- the association of local civil society with the church is potentially divisive.⁷⁸

4. Bridge-building

While different partners have different advantages, international donors and aid agencies must never lose sight of the fact that effective development activities in any country require partnership among central and local government agencies, as well as civil society organisations. It is, therefore, critically important that attempts are made to bring all relevant groups into the planning and execution of aid projects (together, of course, with the beneficiaries themselves). This requires more than simply allocating resources among different groups according to operational criteria. Aid projects must be used purposefully to help build bridges among different sectors of the state and society.⁷⁹

V. CONCLUSION

The primary challenge facing Myanmar is nation-building. Fifty years of civil war among the country's diverse ethnic nationalities have left a legacy of hostility and distrust, which remains a justification for continued centralisation of state power under military rule and a source of long-term instability. Without a common commitment to the Union and denunciation of violence, democracy cannot take root and flourish.

Yet, for the past decade and a half, foreign donors have largely ignored the need for bringing together the country's many ethnic nationalities and beginning to transform the state and society from the bottom-up. Denying much needed economic and technical assistance to the Border Areas, foregoes the chance to help improve governance, alleviate deep-seated socio-economic inequalities and revitalise civil society in these war-torn regions, all essential steps in a broader process of peace-building, democratisation and broad-based development.

The main responsibility for developing the Border Areas, of course, lies with the government and other domestic actors. The military authorities need to establish a more supportive policy framework for local development, increase budget allocations to the Border Areas, and take further steps to eliminate human rights abuses and exploitive economic practices by local commanders and other vested interests. The ceasefire groups currently in control of the seventeen special regions must also do more to address the economic, health and educational needs of local communities. The NLD and other political parties should make it clear that they support all genuine efforts to promote sustainable human development.

That said, no border areas development program could succeed without significant international assistance. Foreign aid agencies and programs play a crucial catalytic role. They contribute much-needed human and material resources; they help redirect development activities and priorities, and promote best practices; and they serve a facilitating role between different domestic stakeholders. They are perhaps particularly valuable in helping develop organisational capacities and change attitudes among national authorities, institutions and communities.

Rather than being used as pawns in the political game, aid agencies should be given space to do development right. Targeting the Border Areas for a significant

⁷⁸ Religious leaders, though, are generally aware of this problem and in some areas Buddhists, Christians and other religious groups work together, joining each other's festivals and carrying out social welfare activities in a strictly non-discriminatory manner.

⁷⁹ If successful, cooperation in the social welfare sector might pave the way for broader discussions of nation-building and socio-political transition.

expansion of assistance because of their special needs would not only benefit many of the most vulnerable groups in the country, but could also have significant, longer-term political benefits by strengthening the basis for peace and democracy.

Current aid programs are essentially relief-oriented and do little to overcome the basic problems of poverty or its underlying causes. More emphasis needs to be placed on longer-term development programs to promote sustainable livelihoods and integrate isolated ethnic minority communities into the national economy and social infrastructure. It is critically important that aid agencies both address the structural forces that exclude ethnic minority communities from the broader development process, and include local representatives of ethnic minority groups in all phases of aid planning and implementation, including among their own staff.

A broad and inclusive mechanism to coordinate aid is needed that can develop a more systematic plan for helping the Border Areas, improve funding, and negotiate with the government about implementation.

The comparative advantages of different aid providers should be better utilised. For example:

- UN agencies should focus on strengthening national and local government development capacity and linkages to local communities;
- the World Bank and Asian Development Bank should take charge of programs to establish basic infrastructure, including roads and small-scale electrification and irrigation, as well as to expand social services to hereto excluded areas;⁸⁰ and
- international NGOs should focus on community development in the poorest areas, and help address acute localised health and other needs.

There is also need for improved cooperation between development and protection agencies. The UNHCR, ILO and ICRC can advise development agencies on conditions and risks in project areas, while other UN and international NGO field staff bring human rights issues to their attention. Maximum efforts should be exercised to ensure access for both types of agencies in all areas through joint approaches to the government.

It is essential, however, that international aid agencies do not crowd out existing local networks and development activities, which although often informal and small-scale are frequently innovative, long-standing and well-regarded by the local communities.

Although general budgetary support for the government is inappropriate in the absence of some political opening as well as a proven commitment to poverty alleviation, selective assistance and cooperation with technical departments could help bridge the large gaps in human and financial resources within the state apparatus.

- Targeted financial support for government programs to expand immunisation and improve water and sanitation, basic education and other social services to thousands of villages that receive no support is critically important for overcoming regional disparities.
- Much more should be done to support effective implementation of progressive policies such as liberalisation of the rice trade, the community forestry program and efforts to limit forced labour.

It is also important to bring the ceasefire groups into planning and execution of aid programs in the special regions. The relevant UN agencies should establish local offices there to ensure regular contact and exchange of information, and help facilitate cooperation between national and local government agencies and civil society organisations. At the same time, capacity-building programs and targeted funding or co-funding should be considered for ceasefire groups that have more formal governance structures.

By working to the greatest extent possible with local civil society organisations, international aid agencies can reach remote and insecure areas and minimise the risk of crowding out local initiatives. Flexible funding is needed for small-scale activities. Big donors for whom this may be difficult could work through international funding agencies or domestic umbrella groups. Reporting and monitoring requirements need to be adjusted to ensure that the administrative burden corresponds with the level of funding and to take account of limited capacity among many local groups.

Poverty alleviation and community development are concepts that are not well understood in Myanmar by military officers, government authorities and the intended beneficiaries alike. There will thus need to be a substantial educational component in all efforts by

⁸⁰ This would also facilitate a process of confidence- and capacity-building with domestic actors, which could pave the way for expanded programs should the political process develop and economic reforms begin.

international aid agencies to promote partnerships to these ends.

Significant human resources should be set aside for systematic data collection and analysis to overcome serious knowledge gaps, including socio-economic baseline surveys to establish development needs, and socio-political mapping of power and conflict structures in particular areas and communities to ensure that aid programs and partnerships help to alleviate rather than exacerbate conflict.

Areas whose populations face acute food insecurity and health threats -- eastern Shan state and the Thai border are examples -- urgently require emergency relief. However, the experience from northern Rakhine state, where nine years of UNHCR programming have created a culture of dependency and undermined alternative private delivery structures, is a warning that any emergency approach should be short-term and planned to merge as soon as feasible into sustainable longer-term development activities.

Where there has recently been armed conflict, notably in the southeast, a major effort is required to overcome the legacy of war, including landmine clearance; rehabilitation of productive land; resettlement of displaced populations and reintegration and productive employment of former soldiers.

Since the great majority of poor households in the Border Areas depend on subsistence agriculture on increasingly marginal lands, another high priority is programs to:

- improve agricultural technologies and land development;
- facilitate access to land, micro-credit and other inputs; and
- support cottage industries for diversification of incomes.

Basic education is also hugely important for improving income opportunities and health standards. Many Border Areas communities need assistance for training local teachers. Curricula must be revised to fit local needs, emphasising the use of local languages, and with emphasis on primary schooling, but also youth and adult education, and vocational training.

Due to the remoteness and low population density of some parts of the Border Areas, consideration should be given to establishing sustainable outreach services. Mobile teams of development workers might embrace

a number of activities as relevant for specific contexts, including immunisation and nutritional supplements, vector control, latrine construction, agricultural extension services, legal counselling.

In order to create an enabling environment for broad-based, sustainable development, it is important for aid agencies to address issues of governance and public policy that undermine the livelihood of poor households.

- Programs should be designed to introduce government officials to international concepts and standards of human rights, good governance, planning and development.
- Joint advocacy forums should be established in key areas, such as food security and education, which can help to elucidate the root causes of key development failures; develop realistic proposals for overcoming such failures; and identify sympathetic officials in relevant government departments.
- Aid agencies should raise awareness among local communities about their rights and opportunities for redress under existing laws and help bring grievances to the attention of the authorities (with due attention to the sensitivities and risks this may entail for individual villagers).

There should be a high priority on empowering local communities by increasing the space for people to organise outside the state, strengthening the capacity of individual organisations and networks, and forging new links between civil society structures genuinely independent of national government control and local authorities.

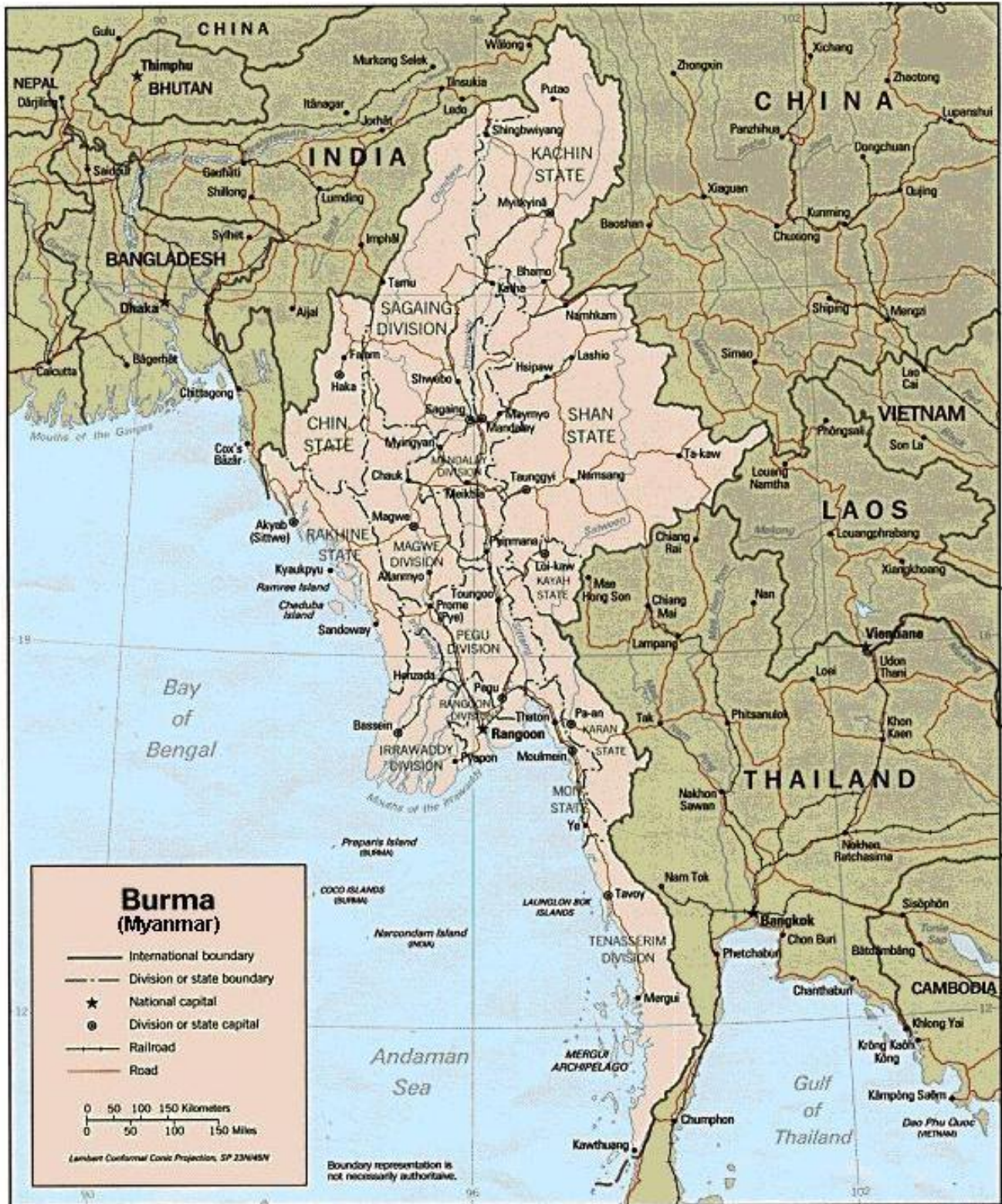
- The UNDP in cooperation with other relevant UN agencies should explore the possibility of establishing local development councils in each township as a meeting place for all stakeholders to discuss development issues for their areas.
- In areas with less well-developed cultures of social organisation -- and to ensure that the most vulnerable are included in development -- aid agencies should assist in organising and building networks between self-help groups. Maximum efforts should be made to encourage the participation of women, ethnic and religious minorities, and other marginalised groups, to help them gain new confidence and a voice in their communities.

- Aid agencies should consider modalities for rotating staff between their own and local organisations as part of a broader capacity-building framework that would also help to minimise harmful competition for qualified personnel.

Finally, aid projects should aim in some fashion to address the underlying structural causes of conflict and help resolve decades of violence and growing mistrust. For example, international agencies should seek out local groups and individuals with connections across the fault-lines of conflict, including between ceasefire and non-ceasefire areas, and between local authorities and civil society organisations. Projects should be designed to increase communication and cooperation across social, political and religious divides, and benefits should be distributed strictly according to needs, avoiding any discrimination based on political, ethnic or religious characteristics.

Yangon/Brussels, 9 September 2004

APPENDIX A MAP OF MYANMAR



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Courtesy of The General Libraries, The University of Texas at Austin

APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (ICG) is an independent, non-profit, multinational organisation, with over 100 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

ICG's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, ICG produces regular analytical reports containing practical recommendations targeted at key international decision-takers. ICG also publishes *CrisisWatch*, a 12-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

ICG's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made generally available at the same time via the organisation's Internet site, www.icg.org. ICG works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The ICG Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. ICG is chaired by former Finnish President Martti Ahtisaari; and its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

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