Conflict Analysis, Kayah State

Paung Si Lett

(PROSPER, Promoting Sustainable Peace and Resilience in Kayah)

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## Contents

Abbreviations and Terms ................................................................................................................................. 4

SUMMARY..................................................................................................................................................... 6

1. INTRODUCTION AND METHODS ............................................................................................................ 11
   Paung Si Lett (PROSPER) Program ............................................................................................................ 11
   This assessment .......................................................................................................................................... 12
   Data gathering .......................................................................................................................................... 13
   Collating information and building on additional material ..................................................................... 13
   Challenges and limitations ....................................................................................................................... 14

2. OVERVIEW: KAYAH STATE AND CONFLICT .......................................................................................... 15
   Ethnicity and culture ................................................................................................................................. 16
   Conflict dynamics ..................................................................................................................................... 19
   Recent tensions ......................................................................................................................................... 22

3. CONFLICT ACTORS ................................................................................................................................. 23
   The Military ............................................................................................................................................... 23
   The KNPP ................................................................................................................................................. 24
   The KNPP, governance and service provision ......................................................................................... 25
   Other Ethnic Armed Groups .................................................................................................................... 27
   Rifts and divides within Ethnic Armed Groups ....................................................................................... 28

4. REFUGEES AND INTERNALLY DISPLACED PEOPLE .............................................................................. 29
   Internal displacement ............................................................................................................................... 29
   Cross-border displacement and migration - a high-profile issue ............................................................ 30
   Avoiding failed settlement schemes ...................................................................................................... 30
   Concerns of returnees ............................................................................................................................... 31
   Recognizing diversity .............................................................................................................................. 31
   Summary ................................................................................................................................................... 32

5. GOVERNANCE, ELECTIONS AND POLITICAL CHANGE ......................................................................... 33
   Perspectives on current and future elections ........................................................................................... 35
   Local Governance ..................................................................................................................................... 36
   Land Disputes .......................................................................................................................................... 38
Preface: This report was managed by Mercy Corps on behalf of the Paung Si Lett (PROSPER) programme for Kayah State, Myanmar. The programme is funded by the European Union. The field research for this report was conducted by staff of Mercy Corps and other Paung Si Lett partners in June and July 2015. The research process and the report writing were led by an independent consultant, Adam Burke, PhD (email: adam.burke@thepolicypractice.com). The key contacts for Mercy Corps are Jenny Vaughan in Yangon (jvaughan@mm.mercycorps.org), and Myat Thu in Loikaw (myatthu@mm.mercycorps.org). Thanks to all those who contributed their time and thoughts.
Abbreviations and Terms

ANDP  All Nationalities Democracy Party
AVSI  Association of Volunteers in International Service Foundation
CSO   Civil Society Organization
GAD   General Administration Department
IDP   Internally Displaced Person
IRC   International Rescue Committee
JICA  Japan International Cooperation Agency
KMSS  Karuna Myanmar Social Services
KNNDP Karenni National Democratic / Development Party
KNLG Kayan National Guard
KNLP  Kayan New Land Party
KNP   Kayan National Party
KNPP  Karenni National Progress Party
KNPDP Karenni National Peace and Development Party
KNPLF Karenni National People’s Liberation Front
KNSO  Karenni National Solidarity Organization
KUDP  Kayah Unity Democracy Party
NLD   National League for Democracy
NUP   National Unity Party
PROSPER Promoting Sustainable Peace and Resilience in Kayah State, or Paung Si Lett
TBC   The Border Consortium
TDSC  Township Development Support Committees
UNDP  United Nations Development Programme
UNFC  United Nationalities Federal Council
UNHCR United Nations High Commission for Refugees
USDA  Union Solidarity and Development Association
USDP  Union Solidarity and Development Party
SUMMARY

a) Overview of the conflict

- Conflict has affected Kayah State for many decades. As with other conflicts in Myanmar’s minority states, the dispute pits the central government against local leaders who have never recognized its overall authority.
- Kayah State is compact yet ethnically and religiously diverse. There are many small ethnic armed groups (EAGs) in addition to the main group, the KNPP.
- All parts of the state are directly or indirectly affected by conflict tensions although there have been very few violent incidents since the agreements of 2011. The most heavily affected areas include the remote hills in the far west along the border with Kayin (or Karen) State and towards the eastern border with Thailand.
- Most people do not live in the most conflict-affected parts, partly because of displacement and migration associated with the conflict. The majority of the State’s overall population of just under 300,000 lives in or quite near the towns of Loikaw (the capital), Demoso, and Hpruso.
- The KNPP controls some territory and exerts influence over a wide area covering most of the State’s rural areas. Other EAGs, many of them originally splinter groups from KNPP, have generally signed earlier agreements with the Government of Myanmar to operate as militia or border guards. They have control over some smaller areas. All EAGs have business interests ranging from mining to cross-border trade to opium production and trafficking.

b) Peace Process

- The KNPP is one of the key ethnic groups among others across Myanmar to have agreed a recent ceasefire with the military (in 2012). Its leaders have played a prominent role in the national peace process, generally promoting progress towards a negotiated settlement for all EAGs. For Kayah State, the current national peace process is more significant than past local or national efforts. A brief statement signed by the KNPP and the government in 2013 sets out the key points and conditions for a peace settlement in future for Kayah State.
- Further progress in Kayah State depends on progress across the country, which has been slow. A national ceasefire embracing different armed groups is expected at some point. However, progress towards a more fundamental agreement and its implementation is likely to take many years, as most commentators now recognize.
- The slow progress is not a surprise to most people in Kayah state who do not yet trust the key actors involved, especially the military, and who understand the considerable roadblocks that lie ahead. Progress is likely to be gradual and there may be setbacks.
- The solution to the conflict lies in generating enough political space to satisfy local leaders’ demands while remaining acceptable to the national military. This is still a major challenge.
c) Elections

- Transitions to peace normally open up a political channel for armed movements to seek some power and to enable the non-violent resolution of disputes. For KNPP, this is likely to involve state-level politics. They are looking at a long-term transition towards gaining recognized authority at the state level. Future targets may include representation at the state level with increased authority through some transfer of central powers.
- The national elections of 8 November 2015 and the selection of the President by the elected parliament in March 2016 set the basis for the critical next steps in the peace process and in national reforms.
- So far, the KNPP has not formed a political party (if they did so, it would not be allowed to stand). They claim to support free and fair elections, rather than any individual candidate or party. In practice, it is likely that the KNPP is backing ethnic parties from Kayah State, including an emerging local coalition.
- Each of the state’s seven townships has a different electoral make-up. In some, the government affiliated USDP has strong networks, financial leverage, and the ability to present a local face. In others, new local parties are more dominant, especially if they operate as a coalition. Much depends on who respected and influential local figures with strong support networks choose to back.
- Some townships are very small, with only several thousand voters. This makes them especially prone to electoral manipulation.
- Overall, there is little trust of electoral process among the wider population, local leaders and others. Information is limited and hard to access. Even if elections are free and fair, people are not sure that they will make much difference to conflict dynamics.

d) Governance

- In the long run, properly functioning local governance at the state level and below is important for peace in Kayah State along with other conflict-affected parts of Myanmar. Leaders of different EAGs, factions, and potential future splinter groups need to have peaceful avenues to settle differences with the central government or each other and to seek influence.
- Achieving this also involves some broad agreement on how Kayah State is governed. This requires a settlement between local leaders and the central state. Decades of violence have shown that it probably cannot be achieved by force alone.
- The military dominance of local governance in Kayah State has declined, although it remains significant. People recognize that the military has improved its practices and is far less abusive than in the past, although their presence and political influence is still widely resented.
- Efforts to reform how government works at the local level have only had partial impact. For instance, interviewees do not see Township Development Support Committees as a genuine break from past practices. At a higher level, the State parliament is seen as weak.
• Land disputes are high profile concerns, with CSOs and political parties campaigning around them. Prominent recent examples include military land grabs for the recently constructed training camp in Hpruso and suspended plans to take over land for a cement factory outside Loikaw.
• Taxation by EAGs is also resented. It includes informal tolls on vehicles, involuntary rice contributions in rural areas and taxes on businesses. EAGs do not necessarily have unwavering popular support in their areas of operation. Gaining a full picture of political and governance concerns is not straightforward. There is no guarantee that the most vocal CSOs genuinely represent the views of communities across the State.

e) Major Development Schemes

• Both the Government of Myanmar and leaders in Kayah State depend on revenue from natural resources. Agreement on sharing the proceeds is a fundamental part of the peace process. Resources include mines, dams for hydropower, and timber. The KNPP demand full consultation over new projects and have opposed proposed initiatives during discussions with the government. Many proposed sites for both mines and dams are currently on hold.
• KNPP and others argue that natural resource wealth should be returned to Kayah State and its people rather than being taken by well-connected businesses, foreigners, and the central government. At the same time, they and other EAGs have their own business interests. Progress towards a negotiated agreement is bound to involve pragmatic deals on resource wealth between leaders of EAGs, other well-connected business interests, military leaders and other senior central government bodies.

f) Development and peace

• The peace process has improved many people's livelihoods by improving trade and enabling better service provision.
• Development initiatives are not politically neutral. Both government and EAGs use development to build patronage links with the population, to assert their authority over territory, and for financial gain. This makes people suspicious of all development actors, including NGOs and many CSOs.
• Surveys show that services - health, education, transportation and electricity provision - have improved for many people in Kayah State since the peace process started.
• Rural, remote areas still miss out. Recent increases in development expenditure have focused predominantly on less remote towns and villages, partly as a result of ongoing concern over conflict and territorial control.
• The health and education sectors demonstrate how informal collaboration between government and non-governmental providers, including EAGs, can enable support and sustainable service provision to reach remote, conflict affected areas.
• Some respondents mention ethnic and religious discrimination as a continued factor of concern in service provision and resource allocation.
• Development projects can in cases raise tensions between communities if the benefits are unevenly spread.
Community members and civil society organizations stress the need for environmental sustainability, local consultation, transparency, and related measures.

**g) Refugees and IDPs**

- Tens of thousands of people have been displaced over decades of conflict in Kayah State. Many come from heavily conflict affected areas in the west of the State and from eastern townships towards the Thai border. They live across the state, particularly in the more populous northwestern areas in or near Loikaw.
- The status of people in the Thai camps is a high-profile political issue that is addressed in the agreements between the government and the KNPP. Some have been granted asylum in third countries, including the USA. KNPP leaders, their families, and many close supporters live in or near the Thai camps. The overall proposal is for an ordered and internationally monitored return process once peace is established on a sustainable basis. This has not yet happened.
- Some displaced people have crossed the border to Thailand. Around 13,000 are in long-term settlements (‘camps’) on the Thai side, while a greater number of people from Kayah State live and work elsewhere in Thailand and other nearby countries.
- Various schemes for displaced people include temporary camps and model villages. Some land has been allotted for returnees from Thailand but not yet been occupied. Government-sponsored relocation schemes have a mixed track record. Many displaced people do not want to live in allocated sites. Problems include lack of security, lack of viable livelihoods, transport to and from remote sites, and land disputes.
- Displaced people have varied needs and interests. For cross-border migrants, some may not wish to return from Thailand and could well illicitly return if forced to do so. Others may choose to settle near the border to trade or migrate to and fro. Some have homes and families to return to in Kayah State if security is good enough.

**h) Summary of recommendations**

See recommendations section for detail. More specific recommendations need to be tailored to the actions of different partners within Paung Si Lett.

1. **Realistic expectations**: There is some space to support the peace process in Kayah State but expectations need to be managed. Supporting peace through development work will be possible only in some circumstances.
2. **Grounding in local context**: CSOs, NGOs and external aid agencies need to plan interventions for Kayah State that are based on local context and recognize the significant variety across the state.
3. **Conflict starts and ends with politics**: For NGOs and CSOs, this involves working at the grassroots but also being politically engaged. In order to work effectively on peacebuilding as well as community development, it is important to influence how politically powerful people, institutions and processes operate.
4. **Do No Harm as a first step**: Avoid approaches that make things worse by conducting thorough consultation with local people and with key powerful groups. Question state-wide initiatives or large projects that may generate grievances and tensions.
5. **Good practice and long timeframes** will generate opportunities to engage: take a long-term timeframe, prioritise staff training and feedback so that monitoring leads to improvements, encourage flexible responses.

6. **Confidence-building requires tangible action** by political actors as part of the peace process. NGOs and CSOs can play a supporting role if the peace process is making progress.

7. **Pilots and flexibility**: Learning by doing will enable further engagement and help to identify what works. Rather than defining precisely which partners to work with, or what issue is most significant, it may be better to enable communities (for instance through community driven development processes) and CSOs to define the areas of most importance while then working to link them with the most relevant bodies within the government and EAGs.

8. **Improving local governance**: Changes in formal structures (State parliaments, township committees etc.) may generate opportunities to engage but top-down ways of working will persist. Look at who holds informal power and at what might make them respond to bottom-up demands or complaints.

9. **Building accountable state structures**: This is a long-term objective that reflects the KNPP’s interests in authority at the State level. The State parliament may be one entry point over time. Consider public debate and technical assistance for leaders on what federalism could look like.

10. **Brokering local voices**: CSOs and NGOs, was well as EAGs, may be able to act as intermediaries for rural communities. Space for civil society advocacy and peaceful grassroots activism including mass media and social media has increased.

11. **Engaging the peace process**: The Kayah State Peace Monitoring Network or another network may be able to play a valuable role in future. There may be scope for local peace committees or other measures to monitor incidents and address local level tensions, depending on how the peace process progresses.

12. **Build on joint service delivery between state and EAG-linked service providers**. Consider other fields where similar approaches may work, potentially linking with EAGS through their liaison offices. It may be possible to build coalitions addressing specific topics such as land rights or natural resource management.

13. **Consider networks and forums addressing better management of natural resource wealth**. Future prospects for Kayah State depend on promoting sustainable and accountable development of the sector.
1. INTRODUCTION AND METHODS

Paung Si Lett (PROSPER) Program

The Paung Si Lett program aims to promote development, strengthen local capacity to respond to local needs, and build social cohesion in Kayah State. Funded by the European Commission, this 3 ½ year program was launched in March 2015 and will be implemented through September 2018. The program will be implemented in all seven townships in Kayah State. The program’s main aims are for the empowerment and participation of communities to support their needs and rights, and to build capacity to engage in future governance and development.

In pursuing these stated aims, the program intends to empower local communities to participate in decision-making about peace and development in Kayah State while recognizing constraints at the national and local levels. Inputs will support the skills and relationships necessary to promote broad engagement with and support for potential future political change including any progress in the peace process and strengthening local government authority. The Paung Si Lett program has 3 components:

**Objective 1: Strengthening effective & participatory governance:** Through training and facilitation of meetings and consultations, the program will work with local government and ethnic authorities to strengthen processes for participatory and inclusive decision-making between key stakeholders and better meet community needs and concerns.

**Objective 2: Community-driven development:** The program will build the capacity of approximately 20 CSOs to represent the concerns of vulnerable communities and implement small-scale community-driven development projects in approximately 150 communities.

**Objective 3: Supporting the ongoing peace process:** The program will support the peace process initiated by the government and the ethnic authorities by strengthening public awareness of the peace process and local capacity to support peace initiatives.

The Paung Si Lett team will work with all key stakeholders – including community members, civil society organizations, government officials, and ethnic authorities – to achieve the program’s objectives and promote multi-stakeholder collaboration. Paung Si Lett will be implemented by a consortium of local and international NGOs, led by Mercy Corps and including the International Rescue Committee (IRC), Karuna Myanmar Social Services – Loikaw (KMSS – Loikaw), The Border Consortium (TBC), Nyein (Shalom) Foundation, and Association of Volunteers in International Service (AVSI) Foundation.
This assessment

The purpose of this assessment is:

1. To provide a qualitative snapshot of current conflict dynamics and trends;
2. To inform strategic program implementation decisions, including selection of program participants, target townships, and key approaches and activities; and
3. To provide a qualitative baseline against which program impact can be examined.

The assessment explores and describes the current conflict context across the state and at the township level in the assessed townships. The process aimed to generate a research approach that could be repeated in Kayah State or other location, while also looking to strengthen the capacity of the researchers and the project team more widely.

Violent conflict is regarded in this analysis as first and foremost a political issue. It can be seen as the result of a failure of peaceful ways to resolve disputes or agree on how to govern. In parts of Eastern Myanmar, the post-colonial state never established a consensus between local leaders and national leaders over how to govern and subnational conflict has continued for over sixty years. Clear cleavages and inequalities along ethnic boundaries are major factors that intersect with political relationships between the centre and border regions of Myanmar.

Some guiding principles for analyzing conflict settings that the work followed included:

- The importance of understanding both underlying causes and ongoing dynamics.
- The need to understand the perspectives and interests of armed groups.
- Exploring different interests both within and between sides in a conflict.
- Questioning notions that development can bring peace. Efforts to build peace through development need to be based on clear evidence that explains how this will happen.
- Exploring leadership dynamics and relationships, while also recognizing that communities and local level factors play a role.
- Recognizing unpredictability.

This assessment aims where possible to avoid bias by comparing across different sources, using secondary material to check and verify primary data received from focus groups and interviews. Research and reporting on conflict-affected parts of Myanmar, especially along the eastern border, tends to reflect the angle of approach. Most international research has typically approached the area and the issues from an external perspective, starting from across the Thai border. Meanwhile, research from domestic and international organizations inside Myanmar tends to look at the border areas from central Myanmar. It is important to seek to avoid the biases of both perspectives. For instance, external perspectives tend to emphasize the eastern border townships of Kayah State and stress the needs of upland farming communities even though the majority of the state’s population lives in the flatter areas of the northwest. Viewed from central Myanmar, the specific history of Kayah State, and the wide reach of EAGs on the ground, tends to be underplayed.
Data gathering

The main methods used in this assessment are interviews and focus groups. A research team (of around seven people) included project staff from Mercy Corps, Nyein Foundation, and IRC. Most researchers were local to Kayah State. The international team leader was present at some interviews, all of which were conducted in June and July 2015. Interviews and focus groups were conducted in three pre-identified townships (see table below):

<table>
<thead>
<tr>
<th>Township</th>
<th>Number of key informant interviews</th>
<th>Number of focus group discussions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loikaw (including State-wide respondents)</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Hpruso</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Hpasaung</td>
<td>10</td>
<td>4</td>
</tr>
</tbody>
</table>

Interviews were conducted with a range of informants: government representatives, ethnic armed group representatives, civil society leaders, small business owners, religious leaders. Focus groups were held mostly at the village level. Some took place with groups of leaders, others with a wider cross-section of inhabitants.

The interviews and focus groups were semi-structured. A list of questions was compiled, tested with the research team, and revised (see Annex 1). An interview template was used but interviewers were expected to see it as a basis rather than a questionnaire-style blueprint. In this way, respondents were encouraged to respond in detail on issues that they felt strongly about or could respond to effectively. Some interviews and most focus groups were conducted in the Kayah language, while Burmese was used for others. Interview findings were recorded by a designated note-taker and then typed up, with findings categorized into pre-defined categories in a template.

The research was designed as a capacity-building as well as an information-gathering exercise. A training day near the start of the research emphasized not only the steps to be taken and expected deliverables but also broader issues over interviewing techniques, social research methods, and ethical standards.

Collating information and building on additional material

The interviews and focus groups generated a wealth of information. In order to enable data processing and as a group exercise to build understanding, the research team drew out key findings from the interview and focus group templates in separate sessions for each township. This was also an opportunity to check for errors or inconsistencies and to draw out anecdotal information that may not have been noted or that stemmed from other sources. Being local to the research area, some of the researchers had considerable additional knowledge that warranted attention. Other sources and methods used to verify and expand on findings included:
• A wide review of available secondary sources. See the bibliography for details of sources.
• Further discussions outside the formal interview processes with key informants held in Yangon and Bangkok as well as Kayah State.
• Mapping. The research team compiled maps for each township and at the state level indicating the presence of EAGs, known areas with landmines, and locations of major economic development initiatives (like dams or mines). Information was based on the existing knowledge of local researchers and interview findings, confirmed across the research team.

**Challenges and limitations**

Time and associated budget issues limited what could be achieved. With the approach understandably seeking to maximize resource use and not to soak up excessive staff time, rapid methods were used. This restricted the number of interviews that could be conducted and meant that researchers did not have time to access remote areas within the designated townships. This meant that, in turn, interviewees did not represent all ethnic groups and religions in Kayah State. It also limited the space to ensure that women’s voices were heard as clearly as those of men, as well as restricting the time available for training and data analysis. Secondary sources have been used to counter these drawbacks as far as possible.

The research approach relied on existing contacts in order to arrange interviews and focus groups. This common trend was exaggerated by political and cultural sensitivities that make it hard to approach and ask questions to strangers, along with a lack of the time needed to build new contacts. The networks of KMSS and Nyein Foundation were especially useful although led to an over-representation of individuals and groups associated with civil society mobilizers. Again, secondary sources and further discussions outside the main interview provided more data.

Sensitivities, and the interests of informants linked with civil society movements, meant that many respondents were more confident talking about land disputes or complaints over new economic development schemes than about the main dynamics of conflict in Kayah State. This trend was more pronounced in areas where tension is high, such as Hpruso, than in the state capital, Loikaw. Local people were often reluctant to discuss conflict issues in focus groups, while elite respondents (such as township officials and local political party leaders) at times gave routine, safe answers.
2. OVERVIEW: KAYAH STATE AND CONFLICT

Kayah State has endured conflict for more than 60 years. In common with the neighbouring states of Kayin and Shan, its integration into the nation of Burma / Myanmar has never been fully accepted by many residents and local leaders. The desire for self-determination and resistance against central authority are compounded by decades of authoritarian military rule, limited development, and extraction of wealth from the state’s natural resources including minerals, hydroelectric power, and timber.

With a population of under 300,000, Kayah State is small. It is highly varied, with more than nine ethnic groups, and more than six languages. Both Christianity and Buddhism are practiced, along with enduring local animist traditions. Small Muslim and Hindu communities have also lived in Kayah State for many generations.

Over the years, the costs of conflict have been considerable, directly and indirectly affecting the lives of most people in Kayah. Many have been displaced. Large numbers have crossed the border into Thailand (see later sections on internal and cross-border displacement for detail). Thousands remain there in camps near the border while still more live and work elsewhere in Thailand and other countries. People have also been affected by conflict-related problems including restrictions on movement, informal taxation, forced labour, food insecurity, land disputes, the consequences of landmines, poor service provision and lack of infrastructure.

The majority of people in Kayah state live in a fairly small north-western zone that includes the state capital, Loikaw, and most of the irrigated land (parts of Loikaw, Demoso and Hpruso townships). The most heavily conflict-affected areas are in the eastern parts of the State near the border with Thailand (Shadow, Bawlakhe and Mese) and in the remote western region (Hpruso, Demoso, Hpsaung and Loikaw) where the state’s highest mountains are found and opium is increasingly grown. Upland farming communities in these conflict-affected areas are typically extremely poor although they form a minority of the State’s overall population. More people live in Hpsaung than in other remote areas outside the northwestern zone because of its long history as a mining centre. Displacement through conflict is one of the reasons why remotest parts of the State have such low populations.

<table>
<thead>
<tr>
<th>Townships</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loikaw</td>
<td>128,837</td>
</tr>
<tr>
<td>Demoso</td>
<td>78,990</td>
</tr>
<tr>
<td>Hpruso</td>
<td>29,315</td>
</tr>
<tr>
<td>Shadow</td>
<td>6,737</td>
</tr>
<tr>
<td>Bawlakhe</td>
<td>11,074</td>
</tr>
<tr>
<td>Hpsaung</td>
<td>25,472</td>
</tr>
<tr>
<td>Mese</td>
<td>6,313</td>
</tr>
</tbody>
</table>

Total Kayah State: 286,738

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1 Ywarthit Sub-township is included under Bawlakhe Township.
Ethnicity and culture

Kayah State’s ethnic and religious mix is complex. Current accepted classifications explain that Kayah is the largest ethnic group, with other sizeable groups including Kayan, Kayaw, Kayin (or Karen), Shan, Pa-O, Intha, and Burmese. Subgroups of the larger ethnic groups are also significant. For instance, Kayah from eastern areas may have little in common with those from western areas and do not always speak a mutually intelligible language. Kayin subgroups are in cases still more distinct. Religious differences add further to the complexity, including Buddhism, different Christian denominations (chiefly Catholic and Baptist), and traditional animist beliefs.

Official group identity boundaries and terminology are defined by governments (colonial, military, other) whose classifications change over time. They are used as management tools to understand a complex array of overlapping groups and identities. Few of the official definitions match people’s own self-identities, which themselves fluctuate. Bamforth et al. present maps that illustrate this, stating that: “There is however, no definitive interpretation and in most cases each sub-group or subdivision appears to have a variety of names depending on which ethnic group is doing the naming.”

This complex situation reflects not only the diversity of Kayah State but also the artificial and often imposed nature of the ethnic categories that are so prominent within the political structure of Myanmar.

Disputes between leaders of groups and subgroups have been common over many decades, leading to violence on numerous occasions. It is difficult to gain reliable information on inter-group conflicts in Kayah State given that most attention has been focused on conflicts against the military and the state. Anecdotal references are made to violence between ethnic groups and rival leaders in the mid-Twentieth Century and in the 1990s, as well as in earlier eras.

The prominent position of ethnic Kayah within the State and within the dominant KNPP ethnic armed group has led to tensions. The KNPP see themselves as a pan-ethnic body, appealing to all those who live within the state boundaries, but minorities in Kayah State may not always see them in that light. One commentator sees the prominent position of the Kayah over other groups within the State as being similar to the prominence of the Bamar majority over minorities at the national level.

Most of the EAGs operating in Kayah State began as splinter groups consisting of one or more leaders and a small number of troops - often one or two hundred men - who broke away from the KNPP. This occurred in 1978 with the KNPLF, and in the 1990s with a string of EAGs. In many cases, ethnic difference underlined the splits. So, the KNPP leadership has generally been Kayah, while the KNG and KNLP are predominantly Kayan. EAGs have tended to link with local populations - Kayaw in western areas of the State, Karen in the Southwest, and so on.

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2 Bamforth 2000, p.16-17
3 Kubo 2014
In this way, ethnicity has been linked with inter-group violence. Bamforth et al. write: “What started as a bi-partisan struggle between State forces and a single separatist movement, has become multi-faceted, with different groups forming and splintering leading to a situation of generalised violence.”

Internal tensions within Kayah State are a sensitive issue. According to various informants, they are a particular risk at times of unrest or rapid change when there is more to win or lose and the informal ‘rules of the game’ that define how leaders act are in a state of flux. Many anti-government groups prefer to use the earlier term Karenni State, partly as they refuse to recognize the imposed change of name to Kayah State by a military government, and partly because they prefer to avoid the association of the new name with one ethnic group.

Cultural traditions and symbols take on political meaning in this complex environment. Groups promoting Kay Htoe Boe, a form of local animist belief, have promoted an annual festival and other measures that mark out a distinct Karenni identity and aim to appeal to different ethnic groups. This movement started in the post-independence period and has assumed a strong unifying role. However, it has also heightened some religious tension between Buddhists and Christians across different ethnicities. While Buddhist religious leaders are typically willing to accept local animist customs, some Christian counterparts regard them as a threat. Other tensions have emerged between religions. In one case, both Buddhist and Christian leaders wanted to erect rival symbols on the same hilltop. The dispute was resolved satisfactorily through debate among local elders and religious authorities.

More widely, close association with culture and ethnicity are common across Myanmar. At the national level, 135 indigenous ‘races’ are recognized and codified in law. Minorities are allowed specific representation in state parliaments. EAGs across the country tend to form along ethnic lines and emerging political parties in minority areas are similarly structured. The need to develop a common sense of citizenship is often stated by political observers. This will be a long-term undertaking and the prominence of ethnic identity as a form of political organization is likely to continue for many decades. Overall, ethnicity, culture, and conflicts between ethnic groups are all closely related to the politics and history of Myanmar and of Kayah State.

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4 Risks of inter-group conflict often rise at times of change, not only in Kayah State but globally.
5 Information from Taylor Connor, July 2015.
Kayah’s small but fragile Muslim community

Muslims in Kayah State have deep roots. Local community leaders proudly point out the foundation stone on the main mosque in Loikaw carved with the year 1887. Numbering only 3,000-4,000 people, Kayah’s Muslims mostly live in Loikaw town, with only a few hundred found elsewhere. There are also several hundred Hindu families.

On 27 May, 2013, tensions between a few Muslim households and Burmese Buddhist neighbours in Mawchi, Hpasaung Township, escalated. The Muslim households were forced to flee as their homes were destroyed. The chief aggressors were a group who reportedly returned from Meiktila in central Myanmar with anti-Muslim propaganda videos that encouraged violence. Meiktila was the site of mass communal violence between Buddhist and Muslim groups.

The twelve homeless Muslim families from Mawchi moved temporarily to Loikaw and were then relocated to Hpasaung. Ten of the twelve were then forced by the local government to move again because they were not officially registered on the household list. They had, according to community leaders, been in the area for over fifteen years. Mawchi itself, like Loikaw, has had a mosque for over a century.

This incident is cited by local Muslim leaders as an example of the kind of communal violence that they have faced during periods of political change and instability. They feel that government institutions as well as other citizens commonly discriminate against them, denying them job opportunities, banning the construction of any mosques, and making it far harder and more expensive to issue identification cards or carry out other administrative tasks.

EAGs are seen far more favourably by Muslim leaders, associated with efforts to stop violence and ensure the rights of all minority groups. In the Mawchi incident, the locally dominant KNSO armed groups responded to a request to intervene and stop the violence. Local civil society groups such as the Union of Karen Student Youth have also shown support, campaigning for unity among all groups within the State and including Muslims as well as more numerous Christians and Buddhists.

Kayah State’s Muslim community, although small, remains prone to the discrimination and violence that has been fanned by some Buddhist religious leaders and encouraged by some government politicians. In the long term, Myanmar will benefit by moving away from government systems that rigidly classify groups by ethnicity and religion, giving priority to so-called ‘indigenous races’. In the shorter term, initiatives under Paung Si Lett can help to address the needs and concerns of Muslims and other minorities by ensuring that they are included in public forums and consultations. Staff training can address wider problems facing Muslims across Myanmar.

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7 Information from interviews, discussions with Muslim leaders and civil society leaders, and internet sources including https://www.youtube.com/watch?v=vvwAHqMD5-U and https://twitter.com/oprohingya/status/340928578583670784
Conflict dynamics

The long-term unrest in Kayah State is an example of what has been termed a ‘subnational conflict’. These conflicts are typically found in peripheral corners of countries where leaders representing local ethnic minority groups resist the authority of the central government. They are common across South and Southeast Asia, and especially so in Myanmar where conflict has affected many of the country’s minority regions since national independence after the Second World War.

Political assessments almost universally agree that subnational conflicts throughout Southeast Asia, “are not a product of weak government capacity, poor economic growth, or under-development... [They] are political, usually involving contestation between the government (and national elites) and a local group of actors that are resisting central control”.

This means that efforts to build peace through development initiatives are only likely to succeed if accompanied by political change that empowers local leaders. It also means that simple explanations attributing conflicts primarily to struggles over natural resources are normally false. In Kayah State, as in many other areas, natural resources such as mines and timber are a major aspect of conflict dynamics but are not the sole factor or key cause.

Many of the numerous EAGs that confront or in cases support the government’s military forces in Kayah State have never fully accepted the legitimacy of central government rule. The area has a long history of independence from any external power. Its leaders felt that promises of self-determination were not fulfilled right from the start of the new independent nation of Burma. One prominent Karenni leader was probably assassinated in 1948, leading to violence.

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8 Parks, Colletta, and Oppenheim 2013
9 Parks, Colletta, and Oppenheim 2013, p.37
10 Hereafter simply referred to as ‘the military’, referring to the national Myanmar Army, or Tatmadaw, and other government armed forces.
11 “U Bee Tu Ree, Chairman of the KNO [Karenni National Organisation], was later captured and purportedly placed in a sack, dragged behind a car, and then thrown into the Belachaung River on the 8 September 1948.” (Keenan 2012, p.5)
In 1957, the Karenni National Progressive Party (KNPP) was formed. It has continued an armed conflict since then. In addition to the KNPP, many other EAGs exist. Some of them are splinter groups that separated from the KNPP. Government of Myanmar military strategy has combined aggressive tactics to counter armed opposition with efforts to form alliances that offer EAGs some autonomy in return for recognizing the military's ultimate authority. The most vigorous military counter-insurgency approaches in Kayah and other states (‘Four Cuts’ or Pya Ley Pya) involved efforts to restrict support for EAGs. They led to much hardship among local inhabitants including forced displacement, forced labour, and reported human rights abuses.12

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**Opium in Kayah State**

Myanmar is the world’s second largest source of opium, harvested from poppies and processed into heroin before being exported, largely to China. The huge sums that this illicit trade generates have been a major factor in the economics of conflict in Shan State for decades. Opium poppies are also grown in the western mountains of Kayah State. This includes Hpruso, Demoso and Loikaw Townships (UNODC 2013).

Opium poppies are generally grown by smallholders on fairly steep upland slopes in poorer areas away from main roads and towns. Most farmers give financial reasons for growing the crop - although far greater profits accrue to traffickers and processors than farmers, it still pays them far more than viable alternatives. UNODC’s 2013 survey showed that roughly half of the households involved in poppy growing in Kayah State farm their own land, while the other half work in fields owned by others.

Opium poppies are usually planted in areas where local level authority rests with EAGs or militia. These organizations may profit from the business and in cases use some of the proceeds to pay off local government or military leaders. In Kayah State or along its borders, groups active at the local level in areas where opium poppies are grown may include KNPLF, KNLP, KNG, KNPDP and some KNPP units. Concrete evidence of involvement is hard to find. Many groups, including the military, state that they are opposing opium production. One cynical government official informally remarked: “In my experience, organizations claiming to be eradicating drug production are normally profiting from it at the same time.”

The opium trade sustains many of the smaller armed groups, encourages criminality, and provides an added incentive to avoid peace. The crop itself can be environmentally damaging. Urban and rural areas of Kayah State are also reporting increased cases of drug addiction involving opium-based products and artificially produced methamphetamines.

While crop substitution programmes and eradication campaigns have had some success, production is often displaced rather than halted permanently. Sustainable solutions are likely to involve gradual improvements to the overall governance of rural areas in upland zones. This depends on progress towards peace that goes beyond mutually convenient ceasefires towards the establishment of legitimate and respected local authorities.

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12 Grundy-Warr 1998
The military has been able to offer different ceasefire arrangements to a range of EAGs in Kayah State, exploiting fissures between different factions and offering material opportunities. Some independent groups operate as recognized Border Guard Forces and others work as state-sanctioned informal militia. As in other parts of Myanmar, these groups seek economic opportunities from available sources including border trade, natural resources, and informal taxation. The boundaries between personal gain and EAG revenue generation is not always clear and some EAG leaders are individually implicated in the production or trafficking of opium (the raw material for heroin) along with other illicit business (see above box). The KNPP distinguishes itself from other EAGs by having a far wider reach across much of the State, by aiming at multi-ethnic rather than partisan support, and by stating that it refuses to enter into informal agreements for material benefit.

The KNPP exerts local influence across much of Kayah State although its strong territorial hold is limited to relatively small and remote areas to the East and West (parts of Shadaw, Hpruso, Hpasaung Townships). Elsewhere, hybrid systems are present with government provision of some services and administrative functions existing alongside the KNPP and other EAGs that may be officially illegal yet informally tolerated. This context is important for development initiatives and service provision. It underlines the need for informal liaison between EAG leaders and government officials in many fields.

The KNPP has been involved in peace talks with the government since 2012 bilaterally as a participant in national (Union level) negotiations. A ceasefire was signed in 2012 and a separate agreement was finalized in 2013 that indicates the approach to be followed towards further negotiations (see below).

<table>
<thead>
<tr>
<th>The KNPP-Government, ‘8-Point Agreement’ signed in June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Continue efforts for nation-wide cease fire and inclusive political dialogue</td>
</tr>
<tr>
<td>2. Continue to discuss military matters in the next round of negotiations</td>
</tr>
<tr>
<td>3. Form joint monitoring committee</td>
</tr>
<tr>
<td>4. Allow political and social organizations to observe new major projects; implementation process will be transparent and will guarantee that local people do not suffer losses</td>
</tr>
<tr>
<td>5. Coordinate measures for clearing landmines in places where IDPs will relocate</td>
</tr>
<tr>
<td>6. Coordinate a pilot project in Shadaw Township for resettlement of IDPs</td>
</tr>
<tr>
<td>7. Form technical teams to undertake policy agreements</td>
</tr>
<tr>
<td>8. Cooperate for regional development</td>
</tr>
</tbody>
</table>

The KNPP has established a large liaison office in Loikaw. Its main leaders remain largely hidden although negotiating channels are open. Key elements to the interim agreement include discussions over new troop movements and over any new development initiatives including roads, dams and mines. The government accepts a KNPP presence as long as cadres are unarmed.

Since 2011, tensions have reduced significantly. Interview respondents repeatedly mentioned the benefits of greater freedom to travel, reduced fear of armed conflict, and lower levels of harassment by
the military. At the same time, confidence that the current ceasefire will lead to a sustainable and comprehensive peace is low. There have been fewer indications of progress since 2013 although at the time of writing (July 2015) expectations of an imminent peace agreement before November 2015 elections were rising.

**Recent tensions**

Respondents agree that tensions and incidents have dropped since 2012. Some events have raised concerns but so far (as of July 2015) there has been no escalation from small incidents. For example:

- On June 27-28, 2012, fighting broke out between government troops and the KNPP near Mawchi prior to a round of peace talks.  
- On January 12, 2015, KNPP sent a letter of complaint concerning heavy weapons training near Dawtama Gyi village.  
- In May 2015, the government complains about KNPP armed troop movements in villages to mobilize support. KNPP agreed to stop.  
- Residents have repeatedly complained about government soldiers frequenting villages near their bases. Communities have reported concerns over soldiers staying in villages well into the night.  
- Two incidents of rape committed allegedly by soldiers were reported in Hpruso. Elsewhere, KNPP soldiers are thought to be responsible for one murder.  
- KNPP remains unhappy about the military training base established in Hpruso after 2012.  
- Proposed development plans including new roads and dams for hydropower have been blocked by KNPP, who want to see a peace agreement in place first. Direct and indirect channels of communication between the government and the KNPP have continued, including high-level meetings as well as more informal links with the KNPP liaison office established in Loikaw.
3. CONFLICT ACTORS

Although the two main armed actors in Kayah State are the military and the KNPP, conflict dynamics involve multiple actors and overlapping zones of influence rather than a clear front line between opposing forces. EAGs including KNPP and many other groups assert full territorial control over relatively small areas. The military only fully controls parts of Loikaw, Hpruso, and Demoso townships near the main roads, along with patches and corridors elsewhere. Even in those areas, KNPP affiliates operate and exert some sway. Other EAGs are dominant or maintain a presence in some smaller areas (see following subsections for details on each armed group).

Understanding the specific situation in any one place requires local knowledge. Informal agreements typically define who holds territorial control and what actions by both EAGs and the military are tolerated by the other party. When these informal norms are broken, conflict may result. This pattern is also found in other conflict-affected parts of Myanmar. The 2012 and 2013 agreements formalize these casual settlements in Kayah State, giving both the KNPP and the military greater confidence. There have been relatively few incidents since 2012.

At the local level, the presence of armed members of a militia or EAG is often appreciated, especially if they share ethnic affiliation with the community. This reflects the failure of state agencies to offer security or gain local acceptance. While everyday violence or crime may be relatively low, the environment is unstable. A legacy of abuse of civilians, most often at the hands of the military, means that communities feel a need for protection.

The Military

The Myanmar army has a significant presence in Kayah State and also supports proxy armed groups (militia and border guard forces). It has bases near Loikaw and in Pekon nearby in Shan State. Other significant troop concentrations exist in Balawkhe. A new training base in Hpruso has raised local concerns. It is often stated that the military deploy troops to guard the proposed site of the Ywarthit Dam in X township.

Fear of the military remains widespread among the population, a legacy of decades of abuse. The military maintains strong oversight of the government administration in Kayah State. For example, travel restrictions imposed on foreigners mean that they are unable to travel to most of the State without special permission from the capital; selection of key ministers in the State Parliament is subject to military authorization; and assumed economic interests cover a range of sectors.

In Kayah State as elsewhere in Myanmar, allegations levelled against the military usually refer to incidents that occurred before 2011. Land grabs raise particular attention. Since 2011, respondents report very few incidents of land grabs, theft, attacks on civilians, forced labour or other abuses and it appears that the military has improved its operating practices at ground level.

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17 In attempting to explain this complexity, Jolliffe differentiates between hostile, accommodated and agreed claims to territory (2015, p.46).
The KNPP

The KNPP is by far the largest EAG in Kayah State. Its overall armed strength is disputed, one source indicating that it has over 600 armed professional cadres and a similar number of part-time local recruits.\(^{18}\) Those figures do not include members working in a civilian capacity. The territory over which KNPP holds full control covers parts of Shadaw and Hpruso Townships with some pockets elsewhere. These areas contain a small population but they offer access to resources such as timber and to the border with Thailand. Border access enables trade and movement of people and weapons. Senior KNPP leaders mostly live near the border in the Thai province of Mae Hong Son.

KNPP maintains a much broader network of supporters and members across most of Kayah State, with local ‘militia’ groups of 10-20 cadres in all townships, covering many village tracts. Their local representatives are often fairly well known in their locale. This gives KNPP considerable influence beyond its core areas of control.

The public perception in rural areas is that problems arose when military patrols entered an area with a KNPP presence and violent conflict resulted. Local people were often caught between the sides or harassed by government soldiers over their associations with KNPP. Local village leaders were especially vulnerable. In 1995, after a ceasefire collapsed, many people accused of having associations with the KNPP were pursued by the military.

KNPP members operate various business interests and generate funds from informal taxation. Villages are typically asked for donations of rice and businesses are asked to offer money. Vehicles on some roads have to pay informal tolls. For example, commercial vehicles travelling between Hpruso and Hpasaung are reportedly charged a sum equivalent to roughly $100 per month for permission to travel and trade. Large KNPP-affiliated businesses include Kayah Htarnay company (lead mining exploration) and Tamaw Htar (import/export of teak wood). Struggles between the KNPP and the national government over the profits from teak exports to Thailand were a key dynamic in the early 1990s.

KNPP and other EAGs are relatively free to operate and trade in defined ways as long as they do not travel widely across the state with weapons. On Karenni National Day in June 2015, the KNPP organized a major rally just outside Loikaw, for instance.

The area of KNPP influence has fluctuated over time. Interviewees stated that their reach on the ground has been extended in various areas, including Hpasaung Township, since the 2012 ceasefire.

Some individuals and EAGs dispute the boundaries of Kayah State as well as its name. Kayan groups, for example, have stated that Pekon Township in Southern Shan State (bordering Loikaw, Demoso, and Hpruso townships of Kayah State), which contains a large ethnic Kayan population, should also be part of the State. However, the KNPP have in recent years tended not to do so.

\(^{18}\) Myanmar Peace Monitor
The KNPP, governance and service provision

In addition to its armed wing, the KNPP maintains staff and a structure similar to that of a national government. It has different administrative departments covering administration, law, education, health, social and cultural affairs, planning, foreign affairs, and defence. Its administrative divisions broadly mirror those of the government. As part of the current ceasefire, the KNPP has a main liaison office in Loikaw and a separate building for development activities. It also has liaison offices in Hpaung and Shadow. The KNPP also provides services in areas where it is dominant. It has some health and education workers and cooperates with non-governmental service providers.

The KNPP and other EAGS perform justice as well as security functions in their core areas. The KNPP has regularly passed sentences and imposed punishments on accused individuals. In some cases, people turn to EAGs for protection or to solve disputes and they are regarded by many as offering more justice than the state can provide. Sentences are not always regarded as fair or consistent, however, with EAG supporters considered less likely than other defendants to be punished severely.

Development work and service provision in Myanmar’s disputed areas are highly political issues. In Kayah State, both government and KNPP seek to gain legitimacy and authority by extending services and providing developmental goods. This enables them to build closer links with the local population, establishing patron-client relationships. For the military, this is a part of strategic efforts to tame the restive periphery. For EAGs that draw strength from their association with the local population, it is also an important aspect of their work. Given that service provision is a highly political issue, new programs need to negotiate space to engage with EAGs, especially the KNPP, as well as the government.

In some of the remotest areas such as the highest parts of western Hpruso near the border with Karen State, it is likely that local communities still resist engagement from all parties. A history of problems associated with external interference and conflict means that involvement, even if providing services or ‘community-driven development’, may not be welcome.

KNPP provide education assistance through their Karenni National Education Department. In cases they cooperate with mainstream government services, for instance providing teachers to remote government primary school. Healthcare providers affiliated with the KNPP include the Karenni National Mobile Health Committee. They provide seven clinics and 20 mobile teams altogether, operating in Hpaung, Hpruso and Shadow townships with a total of 107 trained health staff. Further support in other remote areas is provided by NGOs associated with the KNPP including mobile backpack health workers, the Karenni Social Welfare and Development Committee and the Karenni National Women’s Organization. Other EAGS also provide health services in their respective areas.

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19 Information from KNPP representatives. See also Jolliffe (2014, p.59). The KNPP operated a separate system of townships in the past but does not appear to do so today. See Bamforth, Lanjouw & Mortimer (2000, p.14). As of 2015, the KNPP divides the state into three, rather than two, districts although does not appear to regard the difference as very significant.
20 For example see text box on the Muslim community in Kayah.
21 See Jolliffe (2014).
Map showing approximate areas of EAG presence, mid-2015

(see Annexes 3 and 4 for historical maps of conflict and EAG areas of authority)

**Key to EAGs on map:**
Green diagonal shading = KNPP presence. (Areas of strongest KNPP authority are eastern Shadaw and western Hpruso.)

1 = KNPLF
2 = KNPDP
3 = KNSO
4 = KNLP
5 = KNG
6 = KNDP
Some assessments of Kayah State tend to over-emphasize the reach of services provided by EAGs. While they are unquestionably significant in remoter and more conflict affected areas, the majority of the population lives elsewhere in Kayah State. They usually send their children to government schools and access government-affiliated or privately provided healthcare.

**Other Ethnic Armed Groups**

Many other EAGs currently operate in Kayah State. Splinter groups and factions that have changed over time complicate the picture. Some of groups maintain close relationships with the local community, often along ethnic lines. Most EAGs are closely associated with business interests, from mining and timber to narcotics.\(^{22}\)

Unlike the KNPP, these EAGs are not part of the ongoing national peace process. This is mainly because they have already signed agreements to operate as militia or border guards under the military. They are also considerably smaller than the KNPP. Some have offices near or in their areas of operation: KNPLF, KNPDP and KNSO in Hpasauung town, KNSO just outside Hpasauung Town, KNLP and KNG in the northern part of Loikaw Township, and several groups including KNPDP in Loikaw Town. Some of these offices exist to coordinate development activities or to manage business interests.

**The Karenni National People's Liberation Front (KNPLF)** was affiliated with the Communist Party of Burma and split from the KNPP in 1978. The KNPLF reached an agreement with the government in 1994. It is probably the second largest EAG in the State. In 2009, it accepted government-affiliated status as a Border Guard Force (Batallions 1004 and 1005) under the command of the military. Like the KNPP, its original area of activity was in parts of Kayah State’s western hills, covering what the military previously defined as a specific ‘special region’. They have also had a long-term presence in Mese Township. The KNPLF leadership is generally ethnically Kayan.

**The KNLP (Kayan New Land Party)** is particularly active just outside Kayah State in Shan State, especially among the Kayan ethnic group which is dominant in the area. KNLP has been involved in elements of the recent peace process.

**The Kayan National Guard (KNG)** forged an informal link with the government in the early 1990s, having split from the KNLP. Like several other EAGs, it is seen as having close links with the narcotics trade. Both the KNLP and the KNG are estimated to have around 100-200 cadres. They operate mainly in the far north-west of Kayah State. The KNG are regarded by the government as *Pyithu Sit* or ‘People’s Militia’. These are similar in structure to Border Guard Forces, but under less rigid control.

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\(^{22}\) This section is compiled from various sources including Jolliffe (2015), Keenan (2012), interviews with EAG representatives, and other informants.
The Karenni National Solidarity Organization (KNSO) signed a ceasefire agreement in 2003. The KNSO are associated primarily with mining in Mawchi, Hpasaung Township. They are small in number but have major financial interests in the area. The KNSO are also Pyithu Sit or ‘People’s Militia’.

The Karenni National Peace and Development Party (KNPDP) has affiliations with the USDP, the main national pro-government party. They have been particularly active in western parts of the State. The KNPDP are also Pyithu Sit.

Rifts and divides within Ethnic Armed Groups

Followers of the national peace process recognize that both EAGs and the government do not always maintain unified positions. Some splinter groups have become separate EAGs. Individual EAG commanders and their local units regularly establish their own ways of operating even if they remain within the same EAG structure. Examples include the Hoya group of KNPP in Western Hpruso. KNPP associates state that the organization currently has a unified structure even if some local leaders have considerable autonomy. Among other EAGs in Kayah State, the KNPLF has two identifiable separate leadership networks.

The government has encouraged breakaway groups, often reaching out to disaffected EAG leaders. The multi-ethnic nature of the KNPP and of Kayah State more widely makes this easier where local leaders are from sub-ethnic or religious minorities and may feel marginalized within the EAG hierarchy. While the KNPP aim to promote a pan-ethnic Karenni identity, the main leaders have historically been associated with ethnic Kayah, in particular specific groups of networks of ethnic Kayah.

Government efforts to purchase loyalty have involved offering immunity, weapons, control over local territory, political access and economic opportunities. Breakaway EAGs have generally managed to keep the support of some local communities while gaining access to these new prospects. The government typically tolerates illicit activities (logging, trade tariffs and smuggling, narcotics) conducted by EAGs that have agreed to accept their overall authority. Local military leaders in cases share some of the profits.

Conflict between different EAGs has also occurred. The military has used EAGs as proxies to attack the KNPP. Disputes over resource access have led to other clashes.
4. REFUGEES AND INTERNALLY DISPLACED PEOPLE

Hundreds of thousands of people have been displaced through conflict across eastern Myanmar in recent decades, both internally and across the border to Thailand. The reduction of conflict in recent years has led to a push by the governments of Thailand and Myanmar to return refugees from camps in Thailand back to their places of origin. The timetable for this process depends largely on progress with the wider peace process. Some people have spontaneously returned in recent years, with both unaided and supported returns predicted to increase in future years, assuming that there is not a deterioration in the conflict situation.

Internal displacement

In Kayah State, tens of thousands of people have been displaced during periods of conflict since the 1970s. UNHCR’s estimate is 34,600 people internally displaced in Kayah State alone. Other sources have given far higher estimates of more than 90,000, if accurate, the higher figure may reflect temporary movement during times of unrest before returning home. Multiple movements by a single family also swell the numbers.

Many people moved from heavily conflict-affected areas in the far west of the province including western Hpruso, western Demoso, and the northwest of Hpasaung. Others left homes in eastern townships close to the Thai border as the military cleared areas. In both of these areas, many villages were abandoned. Some people migrated relatively short distances while others settled in new locations across the state and elsewhere in Myanmar. Many are spread across the more populous and less heavily conflict-affected northwestern parts of Kayah State including the capital, Loikaw. The majority of these people have settled in existing towns and villages or established new village sites.

Bouts of forced displacement took place as part of military operations designed to remove the local population from designated areas. The 1990s saw several waves of forced displacement. One report describes repeated displacements as follows:

“Displacement of civilians in Karenni State became ... a common fact of life. Villages are relocated by force and often burned down to prevent return. Civilians either move to prescribed military controlled sites or hide in small groups, seeking sustenance from the forests and waterways. When the situation stabilises, they sometimes return to their home villages or try to settle in a new area. In this way, people move back and forth from jungle to village, straining their physical and psychological health.”

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23 UNHCR 2014
25 See Bamforth et al. (2000, p.52) for a map indicating the extent of displacement in the 1990s.
26 Karenni Development Research Group 2006
Respondents repeatedly stated that displaced people cannot be seen as a uniform category. They have varying experiences and a range of needs.

Cross-border displacement and migration - a high-profile issue

Of those who have been displaced, a significant proportion crossed the Thai border. Around 13,000 remain in long-term camps on the Thai side. Over time, the camps have assumed an increasingly permanent air, more like a small town than a temporary camp. A greater number of people from Kayah State live and work outside the camps across Thailand. They moved for a combination of reasons, some to escape conflict and others to seek economic opportunity given that wages in Thailand are considerably higher than in Myanmar. Smaller numbers live in other nearby countries including Malaysia and Singapore. Many of the cross-border migrants living outside the camps do not have formalized legal status, making it harder to evaluate numbers or predict future movements.

The status of people in the Thai camps and proposals for supporting returns has been one of the key discussion points between the government and the KNPP. KNPP leaders, their families, and many close supporters live in or near the Thai camps, meaning that any major resettlement program would have significant implications for their personal lives and for the movement. Both the government and the KNPP would prefer returnees to settle in their respective areas of control, thereby extending territorial authority over more people.

IDPs are explicitly mentioned twice in the 2013 Agreement (see text box in Chapter Two, subsection ‘Conflict Dynamics’) . Since then have been further informal discussions, but no formal progress. The proposed approach tentatively supported by KNPP (and international agencies) is for a voluntary, ordered and internationally monitored return process once peace is established on a sustainable basis. UNHCR has been involved in relevant aspects of the peace process in an advisory and monitoring capacity.

Avoiding failed settlement schemes

Government-sponsored relocation schemes in Myanmar and in other countries have a mixed track record. People who are forced to settle in allocated sites tend to find ways to leave assuming that freedom of movement is allowed, meaning that schemes typically need to be voluntary.

Various schemes for displaced people within Kayah State have already been attempted. These include temporary camps and model villages. In some places areas of land have been allotted for returnees, but not yet been occupied. Local interviews revealed a range of rumours over reported sites for returnees in Hpasaung and Hpruso townships, quite far from the Thai border.

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27 The Border Consortium 2015
KNPP has promoted a proposed model village in Shadaw Township for over 50 households. Some progress has reportedly been made on the scheme with some engagement from UNHCR, although the issue has become less prominent since 2013.

One initiative involved collaboration between UNHCR and the NGO KMSS. The proposal was to support returns to villages that are not officially recognized on the government household list (many villages, especially in minority and border areas, are not on the list). The proposal was not accepted by government and did not take place. Other initiatives include informal exchanges in order to extend understanding and cooperation between youth in Thai camps and youth in Kayah State. Some voluntary training has also been undertaken, along with extensive work for decades within the camps in Thailand by different humanitarian organizations.

Concerns of returnees

Across the board, a lack of knowledge over policies and opportunities for displaced people is an ongoing concern. Problems include ongoing security concerns and low levels of confidence in the peace process. These factors inhibit people from investing in new homes and reduce people's willingness to return home or even to other places in Kayah State.

A lack of viable livelihoods and poor transport to and from remote proposed relocation sites are factors to be considered carefully. In cases, access to farmland or even to village sites is restricted by the risk of landmines.

Land disputes further complicate return processes. Cases have been documented of IDPs leaving relocation sites and starting work on land that had belonged to other IDPs who were unable to send members of their own families to reclaim their farmland. In some cases, land was sold by people before they left their homes, particularly where departure was planned rather than a response to one traumatic event.28

Many returnees lack documentation including identity cards. They may have lived in Thailand for decades, or been born there. Children brought up in Thailand will also face difficulties accessing the national education system in Myanmar, given that they many do not speak sufficient Burmese to be able to pass the relevant tests.

Recognizing diversity

One key and potentially false assumption is that most people will want to return to their townships of origin, if not their original home. Observers including government, EAG, and civil society representatives state that potential returnees have varied needs and interests and that many people will choose not to return to remote communities. As one interviewee said, “You can’t treat these people the same and put them all in one place.”

28 South & Jolliffe 2015.
• Some people in or near camps in Thailand will go home, especially if some family members remained in their home area, and where security is adequate.
• Some may not wish to return at all and could well illicitly go back to Thailand if forced to relocate.
• Others may choose to settle near the border and engage in trade or undertake frequent temporary migration.
• Older people are expected to return more willingly, while many member of the younger generation who grew up in Thailand may find that their ambitions take them elsewhere in Myanmar, Thailand or further afield where opportunities exist. Some people see the camps as an opportunity to gain rights to migrate to a third country such as the USA.
• There is some ongoing movement in both directions. Some voluntary independent returns are taking place, probably in response to a reduction of funding provision and associated opportunities in the camps as well as changes in Myanmar. There are some reported cases of people moving to the camps.

Summary

The KNPP is unlikely to accept major returns of people until the peace process is more advanced. The issue will remain politically challenging, although respondents indicated that willing parties should be able to find a solution.

Displaced people come from various parts of Kayah State and many of them will not be in a position to return home. They form a varied group and are unlikely to follow a single path defined by authorities. Simply providing a short period of funding and provisions, along with a house, may be inadequate to keep people in allocated locations if they prefer to move elsewhere. One possibility is the provision of long-term assistance to relocation sites. Another is a less planned approach, where people are enabled to find appropriate solutions.
5. GOVERNANCE, ELECTIONS AND POLITICAL CHANGE

Elections

Elections have been announced at the national and state levels for 8 November 2015. The process is unprecedented and it is not clear what result will emerge. The election follows a first-past-the-post constituency system. The elected representatives then choose the President, potentially leading to some delay.

The key parties for Kayah State include: the government-affiliated USDP, who are stronger there than in many other parts of the country; the NLD, whose support base is generally limited to urban areas; and a range of other parties affiliated with ethnic minority groups, most of whom were not allowed to stand in 2010. Three of the key ethnic parties, the Kayan National Party (KNP), the Kayah Unity Democracy Party (KUDP) and the All Nationalities Democracy Party (ANDP), have formed an alliance that appears to be gaining ground in some areas.

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**Constituencies in Kayah State**

- For the Pyithu Hluttaw (Lower House of the National Parliament), each township in Kayah State is a single electoral constituency returning one representative.
- For the Amyotha Hluttaw (Upper House), Kayah State, like all other states and regardless of size, returns twelve representatives. For Kayah State, two are selected from each of five townships, and one from each of the two townships with the lowest populations.
- The Kayah State Parliament has fifteen elected seats. This consists of two for each township plus one for a recognized minority within the State, in this case a Bamar representative. The State Parliament has a further 25% of seats reserved for the military, as do both the Upper and Lower Houses of the national parliament.

Each of the state’s seven townships has a different electoral make-up. In some, it is expected that the government affiliated USDP will win in some townships given strong networks, financial leverage, and the ability to present a local face. In others, new local parties may fare well, especially if operating as a coalition. Much depends on which parties locally influential candidates have chosen to represent

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29 ICG (2015). This section also draws from other sources including the current election laws.
30 In some other ethnic minority dominated areas of Myanmar, the USDP tends to align with local minority parties, whereas in Kayah State it operates directly. Affiliated militia and border guard forces have not become political bodies in the State.
31 Baudey & Oudot 2015
32 The award of a seat for Bamar but not other minorities in Kayah State is controversial even if it is in keeping with the specific electoral rules according to the the Region Hluttaw or the State Hluttaw Election Law 2010, para. 3c (English version).
However, the USDP have underperformed spectacularly across the country at past elections in constituencies when a viable opposition has been allowed to stand.

All other parties complain that the USDP can exert influence by channeling development funds, offering inducements, and using government channels from the town to the village level to pressure people to support them. Other parties are far more poorly resourced and most have little experience of political campaigning.

The KNPP recognizes the significance of elections and says that they should be contested fairly. It is likely that they are using their influence and leverage to back ethnic minority parties, although their public position is to remain neutral. The ethnic alliance aims to counter concerns that many minority parties will split the vote, enabling USDP (or NLD) to win seats. Other EAGs have closer ties to the government. The KNSO and KNPP openly stated during interviews that they support the USDP.

The State Parliament has been weak, dominated by USDP and held in low public esteem. Its role may grow over time. Properly contested elections will grant it greater legitimacy. Given the small size of Kayah State, many of those elected to the State Parliament will become ministers. Minority parties are likely to push for more decentralized power to the State level after the election, requesting increased state level authority to direct local government and to administer budgets. The demand by KNPP and other EAGS for federalism is likely to focus on increasing State level powers.

In July 2015, shortly after the election date was announced, Kayah State’s Chief Minister and four other ministers resigned from USDP. The resignations are thought to be linked to infighting within the USDP and possibly to competition over desirable constituencies. (Similar pressures led to the subsequent removal of party Chairman Thura Shwe Mann in early August 2015 as the list of candidates was being finalized.)

Some townships in Kayah State are very small, with only several thousand voters. This makes them especially prone to electoral manipulation, for instance by encouraging temporary migrants (such as miners, construction workers or soldiers) to vote or by offering local inducements such as a new road. At the time or writing, Presidents’ Office Minister (and former Minister of Mining) Soe Thein planned to stand as a USDP candidate in Balawkhe Township. He had started campaigning in Bawlakhe, providing farming tools and organizing community meetings. Aung Min, Minister of the President’s Office and chief government negotiator for the peace process, is rumoured to be standing for USDP in Shadaw. In Aung Min’s case, KNPP will definitely have been involved in this decision given the location in Shadaw

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33 The ministers who resigned were: Kayah State Chief Minister U Khin Maung Oo aka U Bu Reh, Kayah State Transportation and Communication Minister U Chit Hla, Kayah State Electric Power and Industry Minister U Saw Hu Hu, the Kayah State Bamar National Race Affairs Minister U Sein Oo, and the Kayah State Development Affairs Minister U Aung Naing Oo (Wai 2015).
and anecdotal evidence of their relatively good working relationship with the Minister. This demonstrates how important personal deals can be to interactions between EAGs and government.

**Perspectives on current and future elections**

Overall, there is little trust among local leaders and the wider population that the election will be fair and will lead to significant change. This is unsurprising given minimal experience of meaningful democratic process. Public information on the election, as with other political events and government policies, is limited and hard to access for many people. Fear plays a major role in voting patterns and many people are likely to follow instructions received from village leaders for other local influential groups over whom to vote for. Problems over the list of voters may affect some people in Kayah State and could be linked with possible electoral manipulation. Some people claim that minority areas with little oversight and the strong influence of armed groups (government and others) are likely to see considerable manipulation.

More broadly, the election is an important milestone for the peace process. Transitions to peace normally open up political channels for armed movements to seek some power and to enable the non-violent resolution of disputes. For KNPP, this is likely to involve state-level politics as their influence at the national level would be minimal. They are looking at a long-term transition towards consolidating authority at the state level through electoral as well as all other channels. It is likely that the KNPP will look towards the next round of elections due in 2020 as an opportunity to gain direct political influence, assuming the peace process continues.

So far, the KNPP has not formed a political party. (A KNPP-associated party would not be allowed by the Electoral Commission to stand.) They claim to support free and fair elections rather than any individual candidate or party. In practice, it is likely that KNPP is backing some local parties from Kayah State, including the previously mentioned emerging alliance of ethnic parties.

If local politics do progress along at least partially democratic lines, the experience of other countries shows that the process will generate some local tensions and will not fit an expected international model of good governance. At the local level, politicians are likely to appeal to ethnic affiliation in order to gain support. In cases, this can lead to increasing tensions as has already been seen where political interests have supported popular campaigns against Muslim communities, in Rakhine State and in other parts of the country.

In many countries, democratic politics have become dominated by key business interests at the local level. Elected leaders or those standing behind them may pursue criminal activities or be associated with armed groups. The context of Kayah State means that these trends are very likely to emerge. Local personalities who stand for office are often able to secure votes and may be more important than party affiliations.
Local Governance

Resentment against a government perceived as closed, alien, and exploitative is a core aspect and cause of conflict in Kayah State. The military dominance of local governance in the State has declined, although it remains significant. People recognize that the military has improved its practices and is far less abusive than in the past, although their presence and political influence are still widely resented. This extends to authority over senior local government posts (including Heads of General Affairs and Border Affairs Departments for townships and the State), influence over the State Parliament, and direct control both in the field and through higher-level instruction from Naypyidaw.

Significant changes have taken place since the 2008 Constitution was formed. In addition to the establishment of State level parliaments, considerably more emphasis has been placed on local level development. The government has allotted significant local funds to conflict-affected areas, and particularly to Kayah State, where provision is in excess of funds provided to other states and regions on a per capita basis.\(^{34}\) Central departments with expanded budgets include the Ministry for Border Affairs, the Department for Rural Development, and other line ministries.

Township funds have also increased and, despite criticism of continued urban bias, are gradually focusing more on rural areas.\(^{35}\) Local government budgets include:

- The Poverty Reduction Fund, administered by the General Administration Department (GAD, part of the Ministry of Home Affairs that is responsible for local administration). The fund provides around 1 Billion Kyat (US$ 1 million) per state/region.
- The Constituency Development Fund, which is allocated by union and state parliamentarians and administered by GAD.
- The GAD Rural Development Fund, a smaller resource that depends on shared contributions.
- The Border Affairs Fund, managed centrally. Amounts vary and large projects may be included.
- Line ministry funds for service provision, typically allocated centrally with coordination and implementation supported through local units of the relevant central ministry.

Wider efforts to reform local level governance have only had partial impact. For instance, interviewees do not see Township Development Support Committees as a genuine break from past practices, even though they are presented in some quarters as a new form of open and consultative body (see Figure below). GAD, in particular the township administrator, retains significant authority at the local level. Most local officials are appointed centrally and key posts are typically filled by men from a military background. Other changes include a more prominent role and indirect election for Village Tract Administrators. However, interviewees state that in practice the roles of village tract and village level officials have not significantly changed.

\(^{34}\) Combined with Kayah State’s small population, this results in some government development funds being 3.5 times the national average per head (EU & others 2013).

\(^{35}\) See UNDP (2014) for further information.
Township Development Support Committees - a new break or more of the same?

Township Development Support Committees (TDSC) have been established along with other measures that aim to encourage more responsive and consultative local governance. According to a UNDP survey in 2014, they are functioning relatively well. TDSCs have a consultative and a watchdog function. The TDSC chairperson from Hpruso Township describes their main duties as overseeing development activities, ensuring that corruption did not take root and verifying that projects are implemented as intended. They also aim to liaise between government, EAGs, NGOs, and others.

TDSCs and other recent initiatives have the potential to improve the weak and damaged relationship between residents and local government. Yet many observers feel that little progress has been made so far. TDSCs members are appointed by the key official in the township, the local head of the General Administration Department. This means that the committee positions reserved for representatives of farmers, workers, women, businesses and other groups are typically well-connected local figures. Many of them will have worked with the military government in the past through organizations like the defunct Union Solidarity and Development Association (USDA, the basis of the USDP) or local chambers of commerce. While their tasks involve local consultation, it is not clear that it is actually taking place or that it serves to achieve any more than justifying existing policies.

Some surveys do indicate increasing openness at local levels of government although the impact of reforms are limited. For instance, local civil servants often state that a policy cannot be flawed because no one has complained to them about it. In practice, only a small proportion of people are sufficiently empowered to make direct complaints to officials. Planning mechanisms at the local level serve mainly to offer some coordination for initiatives rather than offering a forum for consultation or feedback.

Most planning still takes place at the Union level, or sometimes at the State level. This makes it difficult for township officials (who should in theory be closer to the population) to fit their programs around priorities identified at the township level, to coordinate locally with the plans of other departments, and to respond to local demand and feedback.

Civil servants including local government officers with any significant authority are usually appointed at the national level and sent to work in different regions of the country. As a result, most do not come from the communities where they serve. For decades, the function of government across the country was to control rather than to foster development or represent local people and this legacy remains.

Overall, local government decisions are typically based around interests and compromise rather than transparent rules and practices. The lack of consultation and transparency across government generates criticism from all quarters, including EAGs, political parties, and CSOs.

While the KNPP publicly promotes transparency, they and other EAGs are generally in a weak position to criticize the government given their own top-down structures and authoritarian approaches. Taxation by EAGs is also resented. It includes informal tolls on vehicles, involuntary rice contributions in rural areas

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and taxes on businesses. There is considerable scope over time, if the peace process progresses, to introduce notions of democratic governance and accountability to all parties, not only to government bodies.

**Land Disputes**

Land disputes are high profile, with CSOs and political parties campaigning around specific cases where the military has taken over areas previously considered the domain of local villages. The most prominent recent case involves 3700 acres of land reportedly taken near the time that the peace process started for a military training camp in Lou Jar, Hpruso Township. 1,000 acres were then returned to local residents following the controversy but the rest remains under military control. The issue has been taken up by KNPP, who regard the training camp as an infringement of their 2013 agreement with the government.

Other cases exist across many parts of Kayah State, a legacy of decades of military domination and conflict. Most complaints around land grabs concern events that took place in the 1990s and 2000s. Recent and future complaints are likely to emerge around economic development such as mines, factories, dams, and potentially plantations. Long-standing cases already exist around the Lawpita Dams, Loikaw Township. EAGs are also accused of taking land, for instance around the mining town of Mawchi. In other cases, complaints are made over low levels of compensation offered during land purchases for development, such as the proposed cement factory outside Loikaw. Further concerns raised over the risk that community development initiatives that involve village level mapping may stimulate tension and even violent conflict between villages.

The high public profile of land cases reflects not only their seriousness, but also the way that they can serve as a valuable campaigning tool for politicians and activists. Important as they are, they are not the primary factor in conflict across Kayah State and should be seen in proportion as a problem in many parts of the country rather than as the most important concern. There is also no guarantee that all CSOs genuinely represent the views of communities across the State. While military land grabs have few supporters, compulsory purchases for development initiatives that create employment and generate wealth are less clear-cut.
6. DEVELOPMENT INITIATIVES AND CONFLICT

Earnings from natural resources generate over half of the national government’s revenue. Extracted primarily from areas with ethnic minority populations and a history of subnational conflict, natural resource wealth is a major factor in the tensions between the highly centralized national government and Myanmar’s peripheral states. Key recent high-profile flashpoints include protests surrounding the Letpadaung Copper Mine in Sagaing Region and the suspended Myitsone dam in Kachin state.

Kayah State’s strong natural resource base includes mines (antimony, lead, tin, other minerals), dams for hydropower, and timber. In addition to government income streams, EAGs in Kayah State depend on natural resources for much of their funding. Key sites include mines in Mawchi (Hpasaung Township) and elsewhere, the Lawpita Dam complex in Loikaw, logging in more remote areas, and a host of proposals for new dams and mines. For many years, the KNPP have generated funds from logging and mining as well as contributions from communities in Kayah State and in Thailand (see earlier section on KNPP). Beyond natural resources, new or improved roads and bridges have also been built, including some rural roads and routes running west towards central Myanmar and east towards the border crossing to Thailand at Mese.

As in many areas, natural resource wealth influences local politics. Since the 1840s, competition for control of teak forests has been a critical factor in power relations in Kayah State.37 Yet while they remain an important factor in the conflict, only a very conservative analysis places them as the cause of all problems. The deep resentment felt against the central government and the military cannot be explained away solely by looking at contests between leaders over natural resource wealth. Practically all forms of power including military control, political authority, government budgets and economic opportunities are disputed. As the dominant generator of wealth in Kayah State, natural resources are a major factor alongside other important issues. In other words, contest over natural resource wealth is not only about money but also about power.

There is little consistent application of rule of law in Kayah State. Many economic initiatives fall in a grey area given unaccountable management and unclear associations with armed actors. For example, forestry operators often work outside formally defined zones and sell wood domestically and internationally through unofficial channels. Opium poppies have increasingly been grown in the remote and hilly western parts of Kayah state. Both EAGs and the military (along with other local officials) are thought to benefit from the illegal drugs business.

New proposals

Many new initiatives have been proposed for Kayah State in recent years, reflecting improved confidence in the government since 2011 and the increasing involvement of China. One source lists 155 proposed investments in dams producing electricity for domestic use and for export to Thailand, mines,

new roads and other initiatives across south-eastern Myanmar.\textsuperscript{38} In Kayah State and elsewhere, most of these proposed initiatives are not yet taking place, and many in reality will never come to fruition. In addition to a string of proposed dams for hydropower and mines, plans exist to build refineries in association with new mines and to construct a cement factory near Loikaw. KNPP has successfully argued against the construction of some new roads, their main concern being that they would improve military access and limit their own operational ability.\textsuperscript{39} Elsewhere, the KNSO has demanded a halt to dams in Hpasaung.

Chinese companies are a partner in many projects. In Hpruso, they are involved in plans and active investment in antimony and lead mining. This extends to refineries and roads to the mines. These are often joint ventures that involve EAGs. One antimony refinery is said to be backed by a Chinese company, the KNPDP, and the USDP. In Hpasaung, respondents state that plans for three dams involve Chinese companies with central government approval (see Hpruso and Hpasaung Township sections for details). Many of the Chinese companies are relatively small players with weak internal governance procedures. Larger companies including state-owned conglomerates are often unwilling to invest in high-risk, politically complex environments.

Continued security concerns and KNPP’s opposition to any new economic development initiatives before a peace agreement is signed, meaning that most reputable investors are not yet engaging. Investors willing to assume a high level of risk and adopt irregular operating practices are more likely to remain involved. Informants referred to one example of a mining contract that was won by the least reputable operator bidding for the opportunity, the assumption being that they were more able to offer inducements to powerful interests than other companies.

**Who benefits?**

The government holds the ultimate ownership of all national natural resources, as it does land. Central government agencies have significant interests in specific operations within Kayah State. The Union of Myanmar Economic Holdings Limited, a major government conglomerate closely linked to the military, holds a dominant controlling interest in mines at Mawchi along with the Ministry of Mining.\textsuperscript{40} Elsewhere, Myanmar Electric Power Enterprise, within the Ministry of Electric Power, is the main body responsible for the hydropower dams at Lawpita.

Other interests include the mining operations of the Kayah State Mining Company Ltd, headed by ex-military officer U Ye Tun Tin, USDP representative for Hpasaung Township. Various EAGs, most notably the KNSO through its Kayah Ngwe Kyae Company, hold major mining interests around Mawchi and elsewhere. Past ceasefire agreements with EAGs have often involved the government granting them a mining concession. EAGs also generate funds from other sources including timber, with KNPP known to be a major operator.

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\textsuperscript{38} The Border Consortium 2014

\textsuperscript{39} The example regularly given is a road between Shadaw Town and Ywarthit.

\textsuperscript{40} Molo Women Mining Watch Network 2012.
Proposed new developments often involve foreign investment companies about which little is known, usually but not always from China. Other potential investors come from Australia, Thailand, and elsewhere. They usually partner a Yangon-based holding company, which enables them to develop essential links with government-affiliated bodies. At the local level, other interests have to be managed. This includes the military and EAGs who offer security in return for assistance.

**Protest against big projects**

Campaigning NGOs regard government involvement in natural resources as blatant exploitation. Recent attention has focused on new initiatives and concessions that generate revenue both for the government and for well-connected individuals while a peace process is underway: "...even without direct military offensives, the government has launched “economic offensives” in different ethnic states, including in Karenni State..." 41

KNPP representatives state that the forms of consultation demanded in the 2013 agreement should take place at the level of Kayah State (rather than in the national capital, Naypyidaw) over new projects. They resent national level profiteering and the involvement of the military. The KNPP and others argue that natural resource wealth should be returned to Kayah State and its people rather than being taken by well-connected businesses, foreigners, and the central government. Local people also resent job opportunities that are taken by migrants from central Myanmar, where wages are lower.

The KNPP are also concerned about community projects run by NGOs that did not involve "...prior negotiation with or approval from the Karenni National Progressive Party or Karenni State Government". They state concerns over projects that involve inadequate consultation and local participation, and may cause damage to local customs or undermine existing community structures. They also complain that "some NGO staff and officers leading these projects have shown a lack of respect to KNPP members by making impudent remarks about the work of KNPP and departments of Karenni Government." (See Annex 2.)

Local people’s reported complaints over new initiatives cover a range of issues: compulsory land acquisition, pollution and other environmental damage, the involvement of military and sometimes EAGs at the local level, and a lack of local opportunities. Many people feel that they are treated as second-class citizens in their own homeland, often referring to specific examples of injustices such as the staff of a mining company who were permitted to fish on a nearby river even though local villagers were not allowed to do so.

In the future it is likely that complaints will rise over land acquisition and the enclosure of common land in upland areas for plantation crops such as rubber. This process, led by both national and foreign investors, is already a major concern in some other parts of Myanmar given the damage it can cause to local livelihoods among some of the poorest and most vulnerable groups.

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41 Molo Women Mining Watch Network 2013.
EAGs are themselves criticized for pursuing business interests, for their associations with the government and particular military, and in cases for their duplicity. The KNPP stands accused of operating a rigid policy of forest protection in the areas it controls (notably parts of Shadaw and western Hpruso) that may be justifiable on environmental grounds yet has a negative impact on local livelihoods. Such environmental scruples are not applied to the KNPP itself, which allegedly generates significant profit from logging operations.

Civil society groups promote transparency, accountability and improved governance in order to reduce the tensions surrounding natural resources. Community members and civil society organizations stress the need for environmental sustainability, local consultation, transparency, and related measures.

Dams

Tensions over dams in Kayah State are not new. The hydroelectric power plant at Lawpita Falls outside of Loikaw has been of strategic importance since the first of a set of dams was initiated in 1950. It supplies a significant proportion of Myanmar’s total electrical power. The area surrounding the dam was cleared of local residents and has been protected from the insurgency threat through a barrier of landmines in addition to a military presence.

Further dams are now planned, some of them along the Salween river that bisects Kayah State from north to south. NGOs have campaigned against all new dams, aligning themselves with the KNPP by doing so.42 So far, the KNPP’s voice has been influential in stopping most new activity.

The most significant project is the Ywathit Dam, started in 2010. It was reported in December 2010 that a survey team was ambushed by KNPP troops near Hpruso, leading to the deaths of three Chinese engineers. The areas surrounding the dam site, in a contested area of eastern Balawkhe township, is restricted and allegedly protected by a large military presence. Many aspects of the scheme remain unknown to the public, including even the proposed size of the dam to be constructed and amount of electricity generated.

Civil society organizations have been barred from accessing the restricted site.43 The dam generates the same complaints heard for many other large projects: loss of livelihoods for local farmers and fishermen, damage to a local indigenous sub-group, and environmental damage to the river and forest ecologies.44 According to local environmental groups, extensive logging concessions have been granted to companies associated with the armed forces in the area around the Ywathit project site. Road access has also been developed.

43 “Khu Mi Reh, a spokesperson for the Karenni Civil Societies Network.......said that his organization has been denied permission to inspect the site of the Ywa Thit dam despite an agreement to allow independent assessments.” (Saw Yan Naing 2013).
The most significant concerns over the dam relate to its impact on conflict. Progress on the Ywathit dam is seen to contravene commitments to transparency and public consultation for new projects made in the 2013 agreement between the KNPP and the government. Concerns over the Ywathit dam cover all of the issues mentioned above: its use as a bridgehead for the military; extraction of wealth by the central government on what is seen as Karenni sovereign territory; and the use of development initiatives to build authority.

**Service provision**

Health, education, transportation and electricity provision in Kayah State have improved since 2011. In one survey, 47% of respondents mentioned improvements in road infrastructure, 29% mentioned improvements in education and 18 percent in health care between 2012 and 2014. In a separate survey with a bias towards more rural and remote areas, 21% of surveyed villages indicated improved access to electricity in the last two years. These are impressive figures in such a short period. Kayah respondents noted more often that improvements have been made over the last few years than in any of the other States and Regions.

Yet these improvements build on a low base level. As in most of Myanmar, children attend government primary schools but many do not graduate on to higher levels of secondary education. Health services are patchy, in many case the local midwife offering the only accessible service and operating as a general ‘barefoot doctor’.

What is more, state-level statistics reflect the majority who live in the relatively well-connected areas near Loikaw, Hpruso and Demoso. Deprivation in more remote areas in terms of services and access remains significant even if a relatively small percentage of the population live there. Government services are particularly limited in these areas, largely as a result of ongoing conflict factors including in cases a lack of territorial control.

In areas where government reach is limited, some services are typically provided by groups affiliated with EAGs. For example, healthcare is provided through members of the Civil Health and Development Network. The most prominent member is the Karenni National Mobile Health Committee, linked to the KNPP. It claims to provide seven clinics and twenty mobile teams, operating in Hpasawng, Hpruso and Shadaw townships. Further support is provided by teams of mobile paramedics, some operating from across the Thai border. Other welfare organizations affiliated with the KNPP include the Karenni Social Welfare and Development Committee and the Karenni National Women’s Organization. There are currently 16 organizations registered under KNPP’s Ministry of Internal Affairs.

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45 UNDP 2014.
46 EU & others 2013.
47 Jolliffe 2013.
48 These include Karenni National Youth Organization, Karenni Evergreen, Karenni Culture and literature group, etc.
Development as a political and military tool

Both government and EAGs use development and service provision to build patronage links with the population and to strengthen their authority over territory. New roads connect rural areas with towns where the military has more control. They enable government staff to reach villages and incorporate remote communities into state structures. Education is especially contested given its cultural content. Government schools involve state-appointed teachers and instruction in the Burmese language. Children learn the official version of history that celebrates the unity of the Union of Myanmar.

Cynicism over the intent of outsiders offering development makes some of the most remote upland villages resistant to almost all external interference. In some parts of western Hpruso, strong notions of self-reliance endure. Some respondents also mention ethnic and religious discrimination as a continued factor of concern in services and resource allocation.

The provision of social services has formed an important part of EAG efforts to engage local people. EAG leaders interviewed for this study explained that they saw support to ‘their people’ as a key responsibility. With both the government and EAGs using service provision and development assistance as political tools, new initiatives can be contentious. External assistance that backs government assistance can risk deepening conflicts at a time when peace negotiations show potential but remain fragile.

Services and EAG-Government relations

The health and education sectors demonstrate how informal collaboration between government and non-governmental providers, including EAGs, can enable support and sustainable service provision to reach remote, conflict affected areas.

In some areas, mixed service provision is common. For example, a teacher provided through KNPP-affiliated bodies is permitted to work in a local government school. In the health sector, civil society organizations, government staff such as local midwives, and service providers linked directly with KNPP have collaborated informally yet productively for many years, predating the 2012 peace process.

Since 2012, further initiatives have followed. One small project backed by IRC provides seven villages with immunizations and basic healthcare through a team of ten or more government health workers and EAG-affiliated health staff (who operate through a consortium of the health wings of six EAGs called Civil Health and Development Network). Operating on a monthly cycle, this involves walks of 2-4 days to reach each village. While EAG-affiliated health staff are best placed to mobilize the community, government health staff are able to provide more professional healthcare. In particular, communities reported that they were more confident in engaging with government staff. The programme was also

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49 See ICG (2015)
50 South and Jolliffe 2015.
51 Jolliffe 2013.
said to have doubled the numbers of children being vaccinated and people accessing healthcare. Steps have also been taken towards enabling EAG-linked health staff to gain professional accreditation authorized by the government.\textsuperscript{52}

\textsuperscript{52} IRC, referred to in Jolliffe 2013.
7. SUMMARY OF THREE TOWNSHIPS

This section summarizes findings from interviews and focus groups carried out in Loikaw, Hpruso, and Hpasaung Townships, complemented with further information form secondary sources.

Loikaw Township

**Overview:** Loikaw Township includes the largest town and state capital (Loikaw). The township population is around 128,000 - close to half of the entire population of Kayah State.

Loikaw is the transportation hub of the state, with road, rail and air access to the rest of Myanmar. The town benefits from better services, infrastructure and employment opportunities than other parts of Kayah State. Many civil servants as well as businesses live in the town, and there is a significant military presence. The town is ethnically diverse given migration from across the state, as well as other parts of Myanmar. Many ethnic Burmese live there. There is a small Muslim community (see Figure X). If political changes, including the peace process and national reforms continue to stimulate economic growth, many of the benefits in terms of jobs and opportunity will be concentrated in the state capital. Further decentralization to the state level could also bolster the local economy.

Neighbourhood surrounding the centre of Loikaw Town remain partly agricultural. Many displaced people have moved to these areas. The rest of the township is a mixture of public areas with some hill farming and forests, and lowland farming areas including irrigated land with relatively high population density. These irrigated areas (also in parts of neighbouring Demoso Township) are likely to benefit from new agricultural opportunities more rapidly than other parts of the State given the scope to practice more capital-intensive farming.

Relatively good access and security, along with government permission to operate, mean that Loikaw has also benefitted from the support of a number of NGOs and INGOs. Development projects have historically concentrated in this area, from irrigation in the colonial era through to a more recent railway. New initiatives include an expanded hospital, airport runway extension, widened roads, swimming pool, government buildings, a new timber yard and a new hotel/resort. Some of these initiatives have received international development assistance - the hospital was supported by JICA (Japan).

**Conflict:** Several EAGs have representative offices in Loikaw. Since the 2012 agreement, the KNPP has opened a large liaison office.

The KNPP has a significant presence in many rural areas. The KNPLF and KNLP operate as a militia with effective authority in hills to the northwest of the township, having agreed terms with the government. Some opium is grown in these areas too. Northern fringes of the township, along the border with Shan...
State, have seen significant violence in the past. EAGs from both Shan State and Kayah State operate in southern townships of Shan State, across the border from Loikaw Township. Landmines remain in that area, as well as eastern parts of the township towards Shadaw.

Many people displaced by conflict have come to settle in Loikaw. In one neighbourhood on the fringes of Loikaw Town, for example, some residents from Shadaw have settled. Some are farmers, some have other work. In Nwa La Woe village, the government offered houses to resettled communities from conflict-affected areas near Lawpita Dam. Most of the houses were subsequently sold and many of the families returned to their original areas.

The highest profile site of tension in Loikaw Township is the series of dams at Lawpita, some 15 miles south-east of Loikaw town. Protected by the military, the surrounding hills are also heavily mined. The first hydropower dam at this site was funded following the Second World War through Japanese reparations. Further dams have been added since. The dam produces electricity for central parts of Myanmar and is strategically significant.

A new dam constructed at Lawpita in the 1960s allegedly caused the displacement of about 12,000 people to sites in northern and eastern parts of Loikaw Township.\(^53\) Forced labour, land dispossession by the military, pollution, deforestation, harassment by soldiers, and other complaints have been voiced over many decades.

**Community Concerns:** CSOs in Loikaw Town have campaigned against a proposed cement factory. The plan would have involved compulsory purchases of land at low prices just north of the town, with some compulsory displacement. Complaints included the inappropriate location given concern over pollution, and frustration over the lack of benefits for local people. As with many other development initiatives, profits leave Kayah State and job creation tends to benefit migrants from other parts of Myanmar. The scheme has been postponed.

Respondents in Loikaw were fairly open with information and willing to criticize the government. In other survey sites, fear of the military and of government officers remained strong and people tended to be more guarded.

**Hpruso Township**

**Overview:** While relatively close to Loikaw and Demoso, the area of Hpruso is particularly mountainous and forested, especially western parts near the borders with Shan State and Kayin State. The township population is just under 30,000. Some areas remain very remote and receive no services. 60 percent of villages in the township are accessible by road during the dry season. Hpruso Town is just 22 miles, and 45 minutes by a good road, from Loikaw. The township has a significant ethnic Kayah population, with other minorities including Kayaw and Kayin.

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\(^{53}\) Karenni Development Research Group 2006
Lowland farming is dominant in some areas and upland farming in others. There are some concessions mining zinc and antimony at various sites in the Township, with further planned mines in the south aiming to exploit lead and gold deposits. New roads have been constructed west of the township capital with support from a Chinese company to improve transport for the mines around Di Ku Lei, Doe Lar Saw village tract, western part of Hpruso. New economic opportunities include some scope for improved agriculture, sustainable forestry and natural resource exploitation.

Hpruso Township is a planned pilot site for the World Bank funded National Community Driven Development Project, the first in Kayah State. Implemented by the Department for Rural Development, the project will offer annual village level grants across the entire township. The complex political and security environment create additional challenges and emphasize the need for all programs to consult with EAGs as well as the Government of Myanmar.

**Conflict:** The KNPP originates from Hpruso and they remain a major force. Only in Shadaw are they stronger. The KNPDP and KNPLF hold a ground presence in hilly western areas. The border with Kayin State is mined in places, a consequence of efforts by the military to access rebel-held areas in Kayin State from Hpruso. Before the ceasefire, local people experienced conflict when military units ventured into areas with a dominant EAG presence. This pattern, common in many places with a strong anti-government armed presence, results in people associating violence with the military rather than with other armed actors.

Some conflict has broken out between EAGs given that some have long been aligned with the State and others, particularly the KNPP, have not. Other factors include local disputes between commanders and conflict over resources. The KNPLF has significant antimony mine interests in Hpruso. The KNPP are linked with other antimony mine sites (Hoyaa and Kay Kaw), like KNPLF operating with a Chinese partner, while the KNPDP has a stake in other sites including a proposed antimony refinery. The KNPDP, whose largest presence is in Hpruso, share some business interests with the government-affiliated USDP.

In some of the western regions of Hpruso (and nearby Demoso), near the border with Shan State, poppy cultivation appears to have increased and is now widespread. EAGs active in the area have an active interest in the illegal drug trade even if they publically state that they oppose all production and trafficking. Police data from 2014 reportedly identifies 57 villages where opium poppies are grown. The situation resembles contested parts of Shan State, where local militia or EAGs that hold control at ground level and have clear links with the military are involved in growing and trading opium and some other substances.
Hoya, western Hpruso

Hoya is a remote and hilly part of western Hpruso. Conflict and associated government restrictions limited access to the area over long periods. Some local people in and around this area have limited their engagement with outsiders and practice relatively traditional lifestyles. Some villages are classified as belonging to minor Kayin sub-groups, although residents do not themselves share that perspective.

The area’s remoteness and its potential mineral wealth generate tensions. A Japanese company affiliated with government partners and EAGs is thought to be scopign opportunities. The area has a strong association with the KNPP although it retains a streak of independence. Local KNPP leaders in the past distanced themselves from the main KNPP, leading to some internal conflict within the organization. They have been referred to as the Hoya faction and in the past entered negotiations with the Government as a separate group.

The dynamics in Hoya demonstrate the complexity and diversity of many small areas in Kayah State.

EAGs operate several tolls on roads in Hpruso, at least one in a western part of the township and another on the main road south of Hpruso town (thought to be run by KNPP). KNPP is considered to be using the ceasefire to grow in strength and to expand its reach. It now exacts taxes from some businesses in Hpruso town in addition to demanding rice or other contributions in rural areas.

Internal displacement has been a significant concern. An Amnesty International report records that over 8,000 civilians from 57 villages in western Hpruso were driven down from highland and rural areas towards Hpruso Town and other sites in 1992. Allegedly, no transportation, food or medicines were provided.\(^{54}\)

Some minor incidents have occurred recently, including one person allegedly killed by KNPP in western Hpruso and two alleged incidents of sexual violence by soldiers against women. Many people, including relatively senior representatives such as political party officials remain reluctant to speak openly given the legacy of violence and oppression. People are concerned that if the peace process breaks down individuals regarded as enemies of the state will be pursued. The KNPP has widespread support, especially in rural areas. Other EAGs are criticized for prioritizing business interests over the local population, as they are elsewhere in Kayah State.

**Community concerns** in Hpruso focus on deforestation and lack of water and road access (notably in western Hpruso). There is also an on-going debate over the allocation of 2,000 acres for an army training camp which incurred the anger of the KNPP since it contravenes the terms of their 2013 agreement with the government. Complaints over compulsory land acquisition for mines and military land grabs generate considerable local frustration. Local politicians of all parties (including the USDP) have recognized military land grabs as a valuable issue to campaign against.

\(^{54}\) Amnesty International 1999
The more peaceful environment means that soldiers are no longer confined to barracks, leading to complaints of theft and harassment. Other concerns voiced include the following: lack of employment opportunities; collusion over mining projects that benefit well-connected individuals, military-affiliated companies, and EAGs; new roads built for access to mines and for military purposes rather than to improve people's lives; and rivalry instead of collaboration between EAGs.

The KNPP receive criticism for irregular taxation and for demanding that people report to them if leaving their villages. They are also seen to act in the public interest, channeling criticism after government and representing local concerns.

Elections: The USDP has relatively strong, well-funded networks in the township. Its key representatives are local residents themselves, diluting its image as a party of outsiders. The NLD has some hold in urban areas, particularly. In rural areas, where the majority of people live, parties from Kayah State are stronger, although the level of their support is hard to calculate. ANDP, part of the coalition of Kayah state parties, are thought to be strong and may gain votes through the backing of the KNPP. Many voters are expected to support recognized powerful local figures rather than backing a particular party. In 2010, village heads were mobilized by the USDP to boost their local votes. Some concern was expressed over rumours that locally stationed military and police would deliver a suspicious number of advance votes for the USDP.

Hpasaung Township

In the southwest of Kayah 75 miles from Loikaw, Hpasaung has a population of around 25,000. The township is relatively well connected, with transport links to Loikaw, Bawlakhe and Mese. A major bridge has recently been opened linking Hpasaung with the border crossing to Thailand at Mese, potentially stimulating more trade. In many villages in Hpasaung, people engage in both agricultural activities, as well as mining, and some logging.

Mines and dams: Hpasaung is probably best known for its mines in the Mawchi area. The mining sector in Hpasaung includes small-scale mines and larger concessions. Migrants attracted by the mines have, since the nineteenth century, led to a more ethnically mixed population in urban areas. The area’s population of around 8,000 is split between local people in the surrounding areas, who are Karen Baptist, and migrant workers from other areas. Resources include tin, tungsten and lead.

Benefits accrue to the government from mining revenues. They also provide opportunities for well-connected individuals, most notably Ye Tun Tin, USDP MP for Hpasaung Township and head of Kayah State Mining Company Ltd. EAGs also have significant stakes. The KNSO is dominant in the mining area and holds direct interest in mining companies. The KNPLF and KNDP also have interests. Other, smaller mines operate entirely informally.

More mines are planned for Mawchi and surrounding areas, mostly exploiting tin and tungsten deposits. For example, the government has granted new mining concessions to the Kayah Ngwe Kyae company, owned by the KNSO. The Mawsaki mining company reportedly plans to survey tin and tungsten west of
Mawchi, on the border of Kayin and Kayah state. The Mawsaki company is associated with U Tun Kyaw (chair of the KNPLF) and other investors.55

The KNPP objects to any new concessions before any significant peace agreement is signed. CSOs follow a similar line:

“The rapid mining allowed by the government before political agreement between the current government and ethnic armed groups has been a new military offensive to overrun the ethnic areas for economic exploitation and control of natural resources and has only fueled armed conflict among ethnic groups” 56

In addition to the new mines, respondents state that three dams are being planned in Hpasaung by Chinese companies with government approval. The schemes appear to have stalled although the situation is unclear. On November 20, 2014, engineers visited Hpasaung and informed local people that the Kayah state government plans to build a dam on the Htoo Chaung (or Htoo River) with a reservoir 33 square miles in size. Informants claim that this scheme was blocked by KNSO leaders.

Conflict: Many EAGs have a stake in Hpasaung, generally associated with the mines. KNPLF, KNSO, KNPDP, and KNPP all have a presence. KNSO acts as a government-affiliated militia in the area around the mines. As is the case with EAGs elsewhere, this role involves some justice and security oversight of the local population.

KNPP remains most significant in rural areas. KNPP still checks the travel plans of CSOs planning to travel to rural areas. As in Hpruso, KNPP is now building its influence in towns too. It operates liaison offices in Mawchi and near Hpasaung Town. KNPP commercial interests are thought to extend to forestry northwest of Hpasaung, and mining.

Landmines exist in the west along the border with Kayin State and in the hills near Hpasaung town. They were planted both by the military and EAGs.

In rural areas, many people were displaced during years of conflict. Some IDPs had to hide in forest areas for long periods in order to avoid military operations.57 According to local sources, two villages, Ho Man and Pa Pu, have been designated as sites to resettle people, possibly from camps in Thailand. A third site near the Htoo River is also mentioned. Local inhabitants of these areas are concerned that their land may be taken for these schemes. Many IDPs from Hpasaung moved to camps in Thailand and there is still regular movement in both directions.

KNSO representatives complain that they have been marginalized by the current peace process.

55 Molo Women Mining Watch Network 2013
56 Molo Women Mining Watch Network 2013
57 Karenni Development Research Group 2006
**Elections:** National parties (USDP, NLD, NUP) have a hold in urban areas but may be less successful in rural parts of the township where KNPP is dominant. USDP is influential and states that current and future development projects depend on its level of support. KNSO has influence in areas around Mawchi and is expected to ask people (mine workers and villagers) to vote for USDP. Respondents do not agree on USDP’s chances in November 2015.

**Community Concerns:** Many complaints exist around the mines: land grabs, pollution, landslides, lack of information and limited transparency, use of migrant rather than local labour, export of profits to central Myanmar or abroad, crony concession deals, and so on. Local people complain about the negative impact on them while CSOs and other campaigning groups tend to use major projects such as mines or dams as a focal point to demonstrate against government injustices. CSOs then complain that they are opposed by local powerful interests.

Peace is welcomed as it reduces the fear of further harassment or violence and generates development opportunities. People are hoping for improved services and infrastructure but are concerned that the ceasefire is only a temporary break in violence. Concerns exist over repercussions if violence returns and over the risk of conflict between EAGs over resources.
RECOMMENDATIONS

This section presents issues that emerged from the research process and may contribute to further discussion among Paung Si Lett partner agencies. In summary, there is some space to support the peace process in Kayah State although expectations need to be managed. They need to be grounded in local context. These recommendations cover potential area of engagement while recognizing limits to what CSOS, NGOs and external aid agencies can achieve. They are a basis for discussion.

a) Realistic expectations - ‘Do No Harm’ as a first step

- **Be grounded**: question phrases that sound good but may end up as hollow words when designing actual interventions: ‘peace dividend’; ‘building confidence’; ‘civil society voice’, ‘peace through development’ and so on. Many organizations want to build peace but it is hard to turn aims into useful action. For instance, confidence is important but it cannot be directly built. Instead, it is earnt by actions and commitment that gradually gain trust.
- **Check who benefits from initiatives and consult conflict actors.** Many respondents who contributed to this report were concerned that new development interventions could generate problems if not carefully approached. Similar responses are reported from other conflict-affected parts of eastern Myanmar. Many local leaders including EAG representatives are concerned that new schemes will build the role of the government without promoting the changes or reforms needed for the peace process to work sustainably.
- **Follow standard conflict-avoidance steps** that apply in Kayah State as they do in many other settings: ensuring that programmes do not appear to support one group and bypass others; addressing issues that affect women as well as men; promoting consultation and participation among male and female villagers themselves rather than relying on the views of local leaders; consulting different conflict actors locally and at the state level; promoting and practicing transparency; considering staff recruitment and diversity; language policies; and so on.
- **Be suspicious of state-wide initiatives.** Kayah state is varied and approaches need to respond to specific local conditions. Paung Si Lett is well-positioned to take this approach given the diversity of partners with experience on the ground and plans to work with different local organizations.

b) Project approach - good practice

- **Ongoing involvement.** Kayah State is a complex, fluctuating environment. Sensitive and productive engagement in conflict prevention and improving governance requires ongoing engagement and monitoring that does not depend on occasional external reviews. The programme is well situated in this regard given the high proportion of staff from Kayah State involved, some of whom monitor and engage with conflict and political dynamics continually.
- **Further training and mentoring** will enable staff to transfer local knowledge into improved practice. Specific methods to ensure that participatory feedback from the field and local knowledge are used

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58 See for instance South and Jolliffe (2014).
59 These comments are in line with the Myanmar Peace Support Institute’s recent review (MPSI 2014).
to inform and modify interventions could also be integrated into agency approaches, for example through monitoring and reporting frameworks or staff management structures including upward reporting.

- **Flexibility is required at the local level.** Programme partner agencies are typically able to address these issues effectively, deploying staff who speak appropriate languages or have the relevant contacts to be able to engage in different parts of the State or with different stakeholders.
- **Participatory monitoring** of programme outputs within individual partner agencies or across the board may present opportunities to engage and build trust both at the community level and at higher levels.
- **Long-term vision and commitment.** Conflict in Kayah State is a long-term concern. Solutions involve timeframes that stretch beyond the lifetime of specific donor funded projects. The program may add most value where, within its established areas of competence, it looks to support mechanisms or institutions that will endure into the future.

c) Development, peacebuilding and confidence

Efforts to build peace through development need to be based on clear evidence that explains what actually works in practice. There is no proof that supporting CSOs or working with communities necessarily reduces the risk of violence. Conflict in Kayah State is not generally inter-communal in nature. Instead, interventions need to change how higher-level actors and institutions operate if they are to have a major impact on peace. Some possible ways to achieve this are outlined in the following subsections.

- **Confidence remains low as peace is fragile.** The public remembers many decades of conflict including ceasefires that have ended in collapse and reprisals. Confidence will not be generated without change.
- **Confidence-building requires tangible action** by political actors as part of the peace process. NGOs and CSOs can play a supporting role in building understanding, dispelling rumours, promoting public discussion and so on through local meetings, networks, radio, and other media. But this will only work if the peace process is making progress so it is important to engage with and respond to politics.
- **Development can support peace but rarely generates it.** The public is cynical of development initiatives that are often used to extend power or to seek financial benefit.
- **Community-based approaches only achieve so much.** They may be less prone to political manipulation and personal gain. But Community Driven Development and similar methods can only provide some improved local capacity for participatory practice. Expectations should be realistic on how they relate to peacebuilding.
- **Participation is still important.** Community Driven Development approaches can help CSOs to engage more directly with and respond to the demands of villagers rather than making the error of expecting leaders to speak on people’s behalf. Community driven approaches can strengthen CSOs’ local level interventions and also improve their capacity to represent people's views accurately to government, EAGs and others.
d) Improving local governance

Turning around a top-down government system is a major challenge for Myanmar, especially in conflict-affected states with strong military influence and ongoing security concerns. Working to improve local participation, consultation, transparency and accountability is worthwhile if challenging.

Change and new structures generate opportunities for engagement, many of which may generate openings. However, careful assessment is needed before offering assistance: new structures tend to get molded around old interests and bodies like the Township Development Support Committee are not necessarily a significant improvement. Interviewees stated that formal structures designed to generate more responsive local government had not made any significant difference so far. It is important to look at who holds informal power and how or why they might act differently.

- **Consider mapping how people’s voices can be amplified.** Available channels are likely to be informal and varied, if they exist at all.
- **Consider pilots.** There may be specific locations where Township officials are willing to collaborate on improving specific aspects of local governance, although this review did not identify any specific opportunities. EAGs could also be included in pilots or in consultation.
- **Local bottom-up channels are limited.** Government officials state that complaints can be officially registered but in practice most citizens do not have the access, skills, or confidence to do so, especially in a conflict-affected and tense area. Access to local budgets generally demands a patron - often a respected local figure, often one who is close to the government. Other patrons include EAG leaders, religious leaders, local politicians, CSOs and NGOs. These figures may be represented on township development support committees, or at least have access to committee members and other important officials.
- **Intermediaries can continue to ‘broker’ access.** CSOs and other local bodies can in cases play a significant role in accessing resources or representing local people. If government becomes less centralized, and conflict tension subside, further space will open up that can be exploited. Larger CSOs can support local bodies through networks.
- **Local government responds to instructions from the capital.** In cases, instructions may create common ground with local aims and interests. For instance, in 2013 township bodies were instructed to seek cooperation with different funding sources in order to fund rural development initiatives.
- **Indirect channels are growing.** Less repression of mass media and censorship, new use of social media, increased tolerance of public protest, greater freedom of association, all generate more space for civil society advocacy and peaceful grassroots activism.

e) Federal / decentralized government

Building effective, just, and more responsive state institutions is a long-term objective. Partial reforms to date have transferred some limited powers to the State level and set up an elected legislature. Further reforms are likely; some form of federalism or other decentralization to the State level and below will probably be a critical element of any sustainable peace agreement. The KNPP supports work to strengthen Kayah State government structures.
• **Supporting a future vision**: Discussion of what a more decentralized or federal structure would look like is not advanced across Myanmar and is an area of potential collaboration. Capacity for constructive, practical inputs rather than advocacy from an ideal standpoint tends to be limited. Institutions that are based around shared values and common citizenship rather than ethnic identity are important in managing plural societies like Kayah State. One assessment points to misconceptions about what federalism may involve and interviews revealed little additional insight.  

• **How?** Where opportunities exist and within area of competence, program partners could consider supporting: a) public debate and technical assistance for leaders on what federalism could look like in practice for specific departments or sectors. This could engage political parties, state politicians, civil society figures, EAGs, business leaders, religious leaders; b) the capacity of relevant state institutions where opportunities exist in line with the programme’s priorities. Key entry points may include the Kayah State parliament and any bodies that can engage with it in a constructive manner, recognizing its limited capacity (such as CSO coalitions). State (and district) offices of government line ministries may also present opportunities.

**f) Popular engagement with the peace process**

• **Elections**: In the short term, civil society groups and others may be able to support monitoring around the 8 November election given risks of manipulation.

• **Engaging influential groups strategically**: The most effective interventions will address specific issues and engage with higher-level dynamics rather than simply supporting broader advocacy. The Kayah State Peace Monitoring Network (KSPMN) is a one good example of popular engagement in the peace process, some inevitable tensions aside.

• **Look towards new openings.** KSPMN or another mechanism may be able to play a valuable role in the future. There may be scope for local peace committees or other measures that both monitor incidents and aim to address local level tensions. These opportunities depend on how the peace process progresses and on the scope of potential network leaders to engage with it.

• **Stay flexible.** Civil society bodies need to respond flexibly to the political situation. Externally provided funds should not lock them into a particular approach but instead enhance their capacity to change.

• **Consider pilots of community engagement.** If viable community-level approaches can be demonstrated then it may be possible to argue for their inclusion in the peace process or for scaling up. Examples of local peace committees and other initiatives from other countries could be considered. However, these approaches need a clear purpose and viable way of working if they are to succeed.

• **Exchange advocacy experiences and approaches**: There are many ways to support effective local advocacy. Lessons could potentially be learned from other countries and other parts of Myanmar. CSOs in Kayah State have experience that others can learn from. In particular, advocacy needs a carefully considered and grounded approach that builds coalitions and addresses specific issues.

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60 Taylor 2015.
where change is possible.\textsuperscript{61} Considering realistic and grounded ‘theories of change’ can help campaigning groups to direct their efforts effectively.

**g) Cross-party approaches to service provision and peacebuilding**

Finding common ground between conflict actors can support peacebuilding while improving people’s lives.

- **Build on the track record of collaboration on service delivery between state and EAG-linked service providers.** Contributing to further progress can operate as a valuable supporting mechanism for the peace process. It can also ensure improved service delivery and may reduce the risk of disruption if the peace process breaks down. This is a complex issue given political and security stakes in service provision on all sides. Careful consultation with all parties and on promoting cross-party discussion of service provision may be increasingly viable fields of engagement for non-governmental groups.

- **Consider other fields where similar approaches may work.** Examples may be environmental management or capacity-building for regional government.

- **Drug use and production as one entry point.** Most armed groups and political parties recognize that opium poppy production, processing and trafficking creates many problems. However, it generates wealth and vested interests often block action. If cross-party support is forthcoming, some programs may be possible. There is a poor track record of success in reducing opium production with small-scale crop substitution projects, but other approaches (awareness, rehabilitation for users, etc.) may be worth considering.

**h) Transparency and natural resource wealth**

- **Natural resource wealth dominates the local economy.** Future prospects for Kayah State depend on promoting sustainable and well managed development of the sector. This includes mines, dams that generate clean electricity, sustainable forest resource use, and agriculture. Long-term efforts will be needed to ensure that resources are used accountability and in the interests of the majority of citizens.

- **Help to build better approaches gradually.** Anyone who holds power at the state level is likely to be drawn into power struggles over resources in what is bound to be a loosely governed region for many years to come. Efforts to improve natural resource management could address the state level, linking with national and international initiatives such as EITI (Extractive Industries Transparency Initiative). Current advocacy on natural resources from Karenni civil society at times tends to oppose all economic activity, which is not a viable long-term perspective. Current and past practices will only improve if improved ways of managing investments are established.

**i) IDPs / cross-border returnees**

\textsuperscript{61} Examples include work by the Pyoe Pin initiative in Myanmar. On the promotion of advocacy coalitions elsewhere, see for instance: http://oxfamblogs.org/fp2p/can-you-only-do-advocacy-in-formal-democracies-lessons-from-6-multi-stakeholder-initiatives-in-vietnam/
• **Flexible support that responds to different needs.** Interviewees stressed the variety of IDPs and cross-border migrants both in and outside camps. Displaced people live in many sites across and outside Kayah State; newer returnees are likely to follow similar patterns. Many coping strategies already exist after decades of displacement and accommodation to new circumstances. Programs need to find out what people want and then see what responses are possible. Top-down delivery of ‘model villages’ and other schemes without wide consultation among the potential future inhabitants should be avoided.

• **Consider IDPS as well as returnees, and residents as well as newcomers.** Concerns over land rights and lack of information mean that some communities are already worried that their land may be allocated to returnees. There is no simple solution to such concerns. Openness and communication should be encouraged to forestall future conflict.

• **Promote a gradual process of returnees from Thailand.** Efforts to accelerate returns may encourage large-scale resettlement schemes that have a poor track record. Security is still not guaranteed. The process of finding sustainable livelihoods for displaced people, especially those in camps in Thailand, is stalled because the wider peace process has not moved forward. People need confidence that conflict and military harassment will not return in order to invest time and scarce resources in restarting their lives in a different location. This will take time and processes should not be rushed.

• **Recognize that pressure to close Thai camps is likely in the long run.** Thai authorities have experienced refugee resettlement to Cambodia and Laos. They are likely to gradually push to close the remaining camps on their territory. UNHCR will seek to enable refugees to return but only on a voluntary basis. It is likely that Thai authorities will move beyond purely voluntary processes at some point. Their concern will be that people continue to arrive in camps even as others leave.

• **Conduct small-scale projects for IDPs and returnees in support of larger projects such as new roads.** In a conflict or post-conflict environment it is unlikely that one-off packages or new village level infrastructure will fundamentally alter the situation that many displaced people find themselves in unless it supports other steps.

• **Seek entry points in political dialogue, state level planning.** The issue of cross-border returnees requires open dialogue and ideally the support of more empowered local authorities. It can continue to provide an entry point for constructive engagement in the peace process among civil society actors and development organizations. Involvement can reduce the risk that returnees themselves are held hostage to a wider political game between the military and the KNPP.
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Key sources on Kayah State in bold


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KNPP (2012, updated 2013) KNPP’s Public Declaration regarding the ceasefire agreement signed by KNPP and the Union Government of Myanmar.


Annex 1: Research timeline and Interview Template

- Lead consultant in Kayah State 21-27 June and 14-20 July.
- Before 21 June: set up research team, inform partners. Consultant sets up draft research guide indicating proposed approach
- 21-27 June: Team meetings in Loikaw to discuss approach. Training on research methods and on conflict assessments. Devise interview template. Initial stakeholder meetings to ‘test’ interviews. Arrange field teams, focus groups, interviews.
- 30 June – 7 July. Mostly arranging and conducting interviews / focus groups (takes time to arrange, some delay)
- 8-15 July Interviews, focus groups. Lead consultant finding sources and conducting background reading (part time)
- 17-18 July. Final interviews, following up leads.
- 19-20 July. Team workshops to sift findings from interview write-ups, discuss key points, collate information under sub-headings.
- 22 July – 10 August. Lead consultant drafting report including primary data and background sources.

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<th>INTERVIEW QUESTIONS GUIDE</th>
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<td>IDENTIFY SOME OF THESE SPECIFIC POINTS TO EXPLORE IN THIS INTERVIEW. CONSIDER BEFORE STARTING AND CHANGE QUESTIONS TO FIT.</td>
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| **1. Major economic development programs (mines, roads, dams etc.)** Examples (do not follow exactly, consider your own questions):
  - For B, P, SG etc.: are you involved in any new, large projects? If so, what are they and what impact on the State do you think they have? Do you know if big projects are connected with key people – politicians, armed groups, military?
  - For C, CL: are there any large projects in this area? Is it good or bad for the community?
  - For CSOs, EAGs: what are the impacts of big new projects? Do you have information about any single project?
| **2. IDPs and refugees.**
  - For CSOs, NGOs: Is your work involved with IDPs / refugees? What are the biggest future needs or steps to take?
  - For government / EAGs: what discussions have happened between government and EAGs about returnees? What programs have happened so far and what problems have there been?
  - For NGOs, CSOs, EAG, Government: where do you think IDPs might return to? Which areas in Kayah?
| **3. Elections 2015 and the peace process**
  - For EAG: what difference do you think the election will make in Kayah if it happens in 2015? Do you think there may be more change after an election?
  - For B, P, MP etc.: do you think that the peace process will move forward after an election? Why / Why not?
  - For C, CL, VL: who do you think most people will vote for in this township?
| **4. Attitudes to peace locally and more widely.**
  - For C, CL: is your area more or less peaceful than 5 years ago? Are there still any violent incidents or problems? Who was involved? What do you think will be needed to achieve long-term peace in this local area?
  - For B, R, TG, SG, etc.: What do you think will be needed to achieve long-term peace? Why?
| **5. How people think that development links with peace – community development / services, and large investments.**
  For EAG, R, B, NGO, CSO, SG, etc.: Do you think development project can make peace less likely to happen? |
For C, CL, VL, some CSOs: Have there been new services or local projects in this area (village tract, perhaps)? Do they create any tensions? Why?

6. Differences across Kayah or within communities.
- P, EAG (senior), SG, TG, R, etc.: Kayah State has many different ethnic and religious groups. Are these differences important and why? How is the security situation different across the State? What different groups are there in your township and is that important?
- TG, C, CL,R: Are there many different ethnic or other divides in this township / tract? Are the differences important in understanding problems in the area, and why?
- EAG: How do different EAGs (KNPP, others) have different ethnic or religious links? Are these differences an important factor or are other differences more important?

7. Understanding and mapping conflicts – which group is where, incidents, tensions - especially locally.
VL, C,CL, CSO, etc.: Are there big security issues in this township / village tract? Can you explain the security situation in different parts of the area? Is it changing over time?
TG, SG, P, NGO, etc.: Is there much difference in the situation across different parts of Kayah? How are they different from this area? What areas are “hottest”? Are drugs a major factor (producing, trafficking, and drug use)
EAG: can you explain how your EAG is structured? In which areas do EAGs have the strongest control? Are drugs a major factor (producing, trafficking, and drug use)?

8. Any other – explain.


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### Interviewers’ names

### Date and time

### Location

### Number of interviewees

### Interviewees’ names (if known) position, organization, gender

### Interviewees’ role / job

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**QUESTION FOR MOST INTERVIEWS**
<table>
<thead>
<tr>
<th>What does your organisation do? (ask follow-up questions if it’s relevant to peace and security)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not relevant for some interviews</td>
<td></td>
</tr>
</tbody>
</table>

**MAIN QUESTIONS - design the questions for each interview before you start. Use the list above for guidance, addressing several of the key issues**

<table>
<thead>
<tr>
<th>Overall issue (1-7 above)</th>
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<tr>
<td>Overall issue (1-7 above)</td>
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<td>Overall issue (1-7 above)</td>
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<tr>
<td>Overall issue (1-7 above)</td>
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<tr>
<td>Other issues (8-9 above)</td>
</tr>
</tbody>
</table>

**Final Questions and notes**

<table>
<thead>
<tr>
<th>Any further points raised?</th>
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</thead>
<tbody>
<tr>
<td>Anyone else interviewees think that we should meet</td>
</tr>
<tr>
<td>Further Information to add after interview</td>
</tr>
<tr>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>General impression - Were the interviewees comfortable or reluctant to speak? Was the environment relaxed?</td>
</tr>
<tr>
<td>Any questions need to add or revise for future interviews?</td>
</tr>
<tr>
<td>Security issues etc.</td>
</tr>
<tr>
<td>Other points</td>
</tr>
</tbody>
</table>
Annex 2: Letter to NGOs

The Government of Karenni
Ministry of Home Affairs
Karenni State

Letter of Order

Date: 20 November 2014

During lengthy cease-fire discussions between the KNPP and Myanmar Government, it was brought to attention that several INGOs, NGOs, and Community Social Organizations have been endeavouring to initiate community projects for the development of Karenni social affairs in Karenni State.

These organizations have been implementing various projects relating to local social affairs and infrastructural development, projects for economic advancement and poverty reduction, as well as political and needs-assessment surveys, but without prior negotiation with or approval from the Karenni National Progressive Party or Karenni State Government. While some such projects are causing damage to local behaviours, customs and culture and threatening the unity of the Karenni community, the KNPP and Karenni Government have no policies in place to regulate or discontinue potentially destructive projects. Some NGO staff and officers leading these projects have shown a lack of respect to KNPP members by making impudent remarks about the work of the KNPP and departments of Karenni Government.

Throughout the cease-fire process, it should be ensured that all organizations only implement development projects that are necessary and appropriate for the community. Public awareness and education through public participation is a top priority and sensitivity for the specific context in which projects are implemented is essential.

Therefore, from this point on no organization will be allowed to implement projects within the KNPP’s controlled area without prior permission or documentation from the KNPP or Karenni Government. We strongly urge all active organizations in the area to seek such permission immediately as responsibility cannot be taken for any problems encountered by those without proper official documentation during field service.

Khu Nye Reh
Deputy Minister

Copy:
- KNPP Head Quarter
- Karenni Government Head Quarter
- KNPP Liaison Office
- KNPP Development Committee Liaison Office
Annex 3: Pre-ceasefire Conflict Map, 2011

Annex 4: Map of areas claimed by EAGs, 2000

From Bamforth et al., 2000.

Note: SSNLO is a former Shan State EAG, KNP99 (or ‘Hoya faction’) is a group that split from the main KNPP leadership in the 1990s, The Karenni National Defence Army (KNDA) is another breakaway KNPP group that agreed a ceasefire with the government in 1996, KHG or Kayan Home Guard is a KNLP faction (presumed same as KNG).