

Economics of Peace and Conflict

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The publication can be viewed at www.mmpeacemonitor.org and www.bnionline.net.

Glossary of acronyms

| | |
|----------|--|
| BGF | Border Guard Force |
| CBO | Community Based Organization |
| CNF | Chin National Front |
| DDR | Disarmament, Demobilisation and Reintegration |
| DKBA | Democratic Karen Benevolent Army |
| EAGs | Ethnic Armed Groups |
| KDNG | Kachin Development Networking Group |
| KIO/A | Kachin Independence Organisation/Army |
| KNLA | Karen National Liberation Army |
| KNPP | Karen National Progressive Party |
| KNU | Karen National Union |
| KPC | KNU/KNLA Peace Council |
| MDRI | Myanmar Development Resource Institute |
| MEC | Myanmar Economic Cooperation |
| NDA | National Democratic Alliance Army |
| NDF | National Democratic Front |
| NLD | National League for Democracy |
| NMSP | New Mon State Party |
| NSAGs | Non-State Armed Groups |
| NUP | National Unity Party |
| PDP | Peace and Diversity Party |
| PMF | People's Militia Force |
| PNLO | Pa-O National Liberation Organization |
| PSLF | Palaung State Liberation Front |
| RCSS/SSA | Restoration Council of Shan State/ Shan State Army |
| SEZ/SIZ | Special Economic Zone/ Special Industrial Zone |
| SLORC | State Law and Order Restoration Council |
| SNLD | Shan National League for Democracy |
| SPDC | State Peace and Development Council |
| SSPP/SSA | Shan State Progressive Party/ Shan State Army |
| TNLA | Ta-ang National Liberation Army |
| UMEHL | Union of Myanmar Economic Holdings Limited |
| UNFC | United Nationalities Federal Council |
| UWSP/A | United Wa State Party/Army |
| WGEC | Working Group for Ethnic Coordination |

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Executive summary

The attention on business concessions and economic development in peace negotiations is a highly controversial issue that many believe compromises the core question of political and national identity issues. However it is important to recognise that major grievances that fuel conflict are related to economics, namely negative impacts of development projects on local communities and competition over control of economic resources between local ethnic groups and the central government. Moreover, Non-State Armed Groups (NSAGs) themselves realise that fighting for the rights of their people cannot avoid the question of economics as money and power are inextricably linked.

This report explores the economic roots of conflict in an attempt to identify peaceful solutions. It observes six main economic grievances that drive conflict in Myanmar, and tries to analyse the different measures being taken to address each of them. These grievances include increased militarisation of economic projects, lack of ownership and management power over natural resources, land confiscation, environmental and social impact of economic projects, poverty and underdevelopment in ethnic nationality areas.

The reformist government has tried to respond to each of these grievances by initiating a multitude of bills, policies, development plans, commissions and committees under the existing constitution. NSAGs have tried to address these issues, sometimes independently, but more often through demands in peace negotiations with the government. Civil society groups also play an active role in voicing local needs and grievances that are important in informing sound decision making for policy solutions. International aid supports these different actors and reforms through financial and technical assistance.

Analysing the wide-ranging attempts to address economic grievances reveals an important discovery that the key hindrance to ongoing reforms and implementation of peace agreements is the continued power of the military over the economy and government administrative structure. Its own economic interests and ideologies in dealing with NSAGs inevitably put them in opposition to the government's plans to change existing power structures. The centralisation of key ownership and management power over natural resources stipulated in the 2008 Constitution also mean that the government's enthusiasm for decentralisation reforms will not solve the ethnic struggle.

The military's legacy may explain why - despite the many attempted solutions - conflict has not abated and locals have yet to witness major improvements in their lives. Ensuring that these solutions can succeed in achieving real change and sustainable peace will not only rely on great skill but reforming the old powers of the military and transforming it into a professional defence army. Understanding the underlying economic interests of competing groups in Myanmar is therefore critical in achieving the much desired peace and stability.



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Peace Monitoring Dashboard - October

ARMED CLASHES

Armed clashes between govt and resistance forces:
22

COMMUNAL CLASHES

Communal clashes between Buddhists and Muslims:
2

SCHEDULED

Projected to meet in October:
KNU, KIO

UNFC's DIALOGUE FRAMEWORK

[Comprehensive Union Peace & Ceasefire Agreement \(ENGLISH\)](#)
[Comprehensive Union Peace & Ceasefire Agreement \(BURMESE\)](#)

| # | ARMED GROUP | STATUS |
|----|-------------|-------------|
| 1 | UWSA/P | Union level |
| 2 | NDAA | Union level |
| 3 | DKBA-5 | Union level |
| 4 | RCSS | Union level |
| 5 | CNF | Union level |
| 6 | KNU | Union level |
| 7 | SSPP | Union level |
| 8 | NMSP | Union level |
| 9 | KPC | State level |
| 10 | KNPP | Union level |
| 11 | ALP/A | State level |
| 12 | NSCN-K | State level |
| 13 | PNLO | Union level |
| 14 | ABSDF | Union Level |
| 15 | AA | Combatant |
| 16 | KIA | Combatant |
| 17 | TNLA | Combatant |

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KNPP has prepared to discuss about military affairs with the peace team in coming meeting ktimes.org/index.php/news.

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PEACE MEETINGS

between govt and resistance forces:
KNPP Oct: 22
TNLA Oct: 14 (informal)
KIO technical team Oct: 02 (informal)
UWSA Oct: 04
KIO Oct: 08-10
UNFC Oct: 07-09

INTERNATIONAL AID PLEDGES

- 1) ADB, JFPR US\$ 2.85 Mil - for a long-term energy plan and power grid upgrade
- 2) JICA Japan Yen 1900 Mil - for Yangon water supply (Sep: 28)
- 3) JICA Japan Yen 1 Bil - Loans for road building in Chin State
- 4) JICA US\$ 13.5 Mil - for upgrade the technical universities
- 5) IRC US\$ 22 Mil - for cyclone Guri resettlement
- 6) Thai rock music band Carabao about US\$ 33,000 - for SEAGAME

CONFLICT ALERT

- Vigilance Urged After Spate of Bombs Planted in Burma
- Rohingya Mujahideen reported to have trained 300 soldiers
- Authorities release photos of suspected terrorists

PEACE RELATED ACTIVITIES

- Chin Conference working committee press release (21 Oct)
- China-Myanmar gas pipeline becomes operational (21 Oct)
- [Click Here to More PEACE RELATED ACTIVITIES](#)

Website of BNI Members



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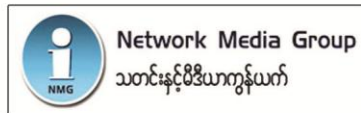
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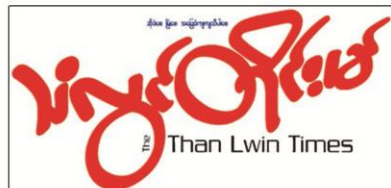
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www.thanlwintime.org

Introduction

The issue of business interests and development in the peace process has become a controversial yet unavoidable topic in efforts to resolve ongoing conflict in the country. While many are worried that business is taking precedence over politics in the peace negotiations, the demands of NSAGs for business concessions, development and fair distribution of natural resources are a reminder that ethnic leaders recognise that economic power and political power are two sides of the same coin. At the same time, business concessions in ceasefire talks are also seen by some to be a ploy by the government to turn ethnic leaders into “mini-cronies” while also performing a public relations stunt to attract more foreign investors.

Economics is therefore both a driver and a solution to the conflict in Myanmar. Unfair distribution of resource revenues, negative impacts of development projects on locals and high levels of poverty have led to three types of violence: armed conflict, violence against development projects and communal conflict. Increased militarisation over protection of large project sites has also been identified as the cause of ongoing clashes between NSAGs and government forces. At the same time, development projects and business opportunities are crucial in alleviating poverty and sustaining NSAGs’ power and survival throughout the duration of the peace process.

The question therefore is not whether to include economics in discussions on political settlement, but rather how to ensure that they address local grievances and prevent further conflict that could threaten to reverse the positive reforms since 2011. As much of the world is excited about the new prospects of Myanmar's "new frontier", the vast potential of virgin markets and abundant natural resources intensifies pressure on all sides struggling for control over the revenues. The desire for rapid growth also raises concerns that premature exploitation of natural resources and markets in conflict sensitive zones could disrupt fragile ceasefires. While natural resources can quickly provide massive wealth, the extractive industry is at risk of concentration in the hands of a few which could increase local grievances over social injustices and environmental damage.

Economics is entangled with a diverse range of issues including legal land rights, land confiscation, transparency, governance, military strategy, political reform, rural development, social development and the politics of large development projects. Economics for peace, therefore, not only involves discussing economics in peace negotiations between government and NSAGs but also the need to improve broad-based development that will benefit and protect individuals. These discussions should also include general governmental reforms to ensure administrative and legal capability to properly carry out these projects for long term sustainable peace and stability. While the government says it has taken major steps to address many economic grievances they are not always coherent and easily understood.

This report aims to clarify the complex processes of solving economic grievances related to the peace process. Examining how these efforts work and how the different actors, policies and projects make up a larger framework may help in assessing how well they respond to the roots of conflict. It especially tries to understand how the many different ministries, committees, international donors, CBOs, businesses (domestic and foreign) and NSAGs work together, overlap, or contradict each other in achieving economic and development goals for national peace.

The current contradiction between simultaneous peace talks and violence can perhaps be attributed to the continued dominance of the military in the market and all levels of administration. The military's special powers allow it to follow its own command, which frequently contradicts the government's. This poses a serious challenge to enforcing terms signed in peace deals, as well as implementing President Thein Sein's ambitious economic and political reforms. Among the many issues involved in tackling power sharing and economic fairness, conducting military reforms will be a decisive factor in the success and speed of achieving peace and development.

Economic Grievance 1: Increased militarisation and violence against development projects

Problem background

The government's efforts to step up military protection around large scale economic projects were the decisive factor sparking the renewed conflict with the KIA. The 17-year ceasefire ended on June 9, 2011 when government troops and KIA forces clashed after the KIO defied repeated orders by the military to move their base near the Sang Gang Hydropower Dam on the Taping River. Several "mega projects", commenced after ceasefire agreements signed in the late 1980s to mid-1990s, have caused an increase of military presence in ethnic areas to provide project security. According to the Kachin Development Networking Group (KDNG), Myanmar government forces in Kachin state have increased from 26 Infantry Battalions in 1994, to 41 battalions in 2006. By 2011, this increased to over 100 battalions. Other groups such as the KNU have also complained of an increase of military presence following the 2012 ceasefire. Many new ceasefire groups continue to clash with government troops for refusing to evacuate bases near dam sites and other industrial projects. Table 1 lists conflicts caused by or that occurred near development projects.

A map of conflicts shows a strong correlation with strategically important areas near hydropower dams and the Shwe gas pipeline that crosses Shan state en route from Rakhine state to China. Fighting in Shan state has been most intense in the north near the gas pipeline and dams. There are also occasional clashes around dams lower down the Salween River.

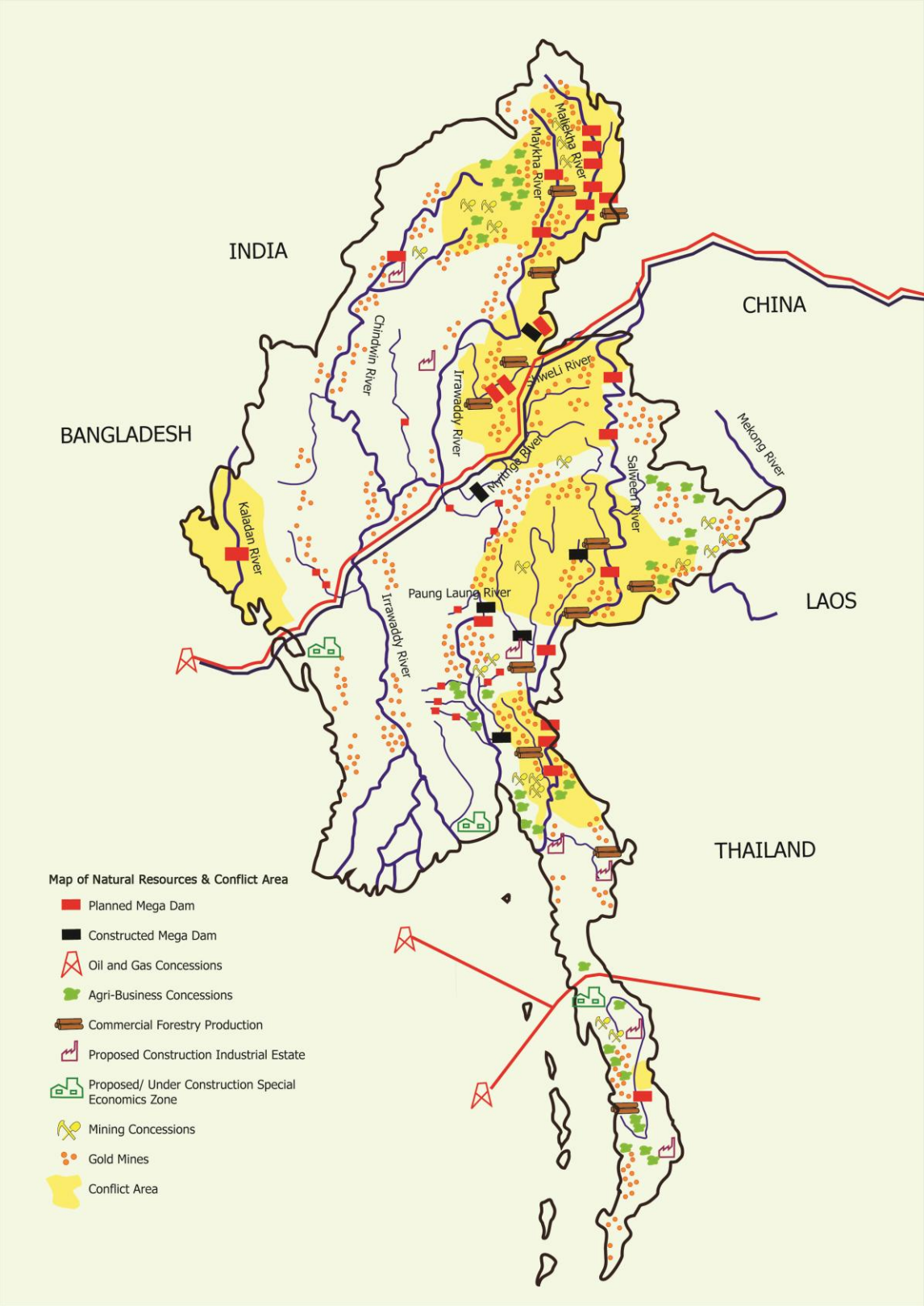


Table 1: Clashes caused by or near development projects

| NSAG | Economic project | Townships | Description |
|------|--|--|---|
| DKBA | <ol style="list-style-type: none"> 1. Dams and road construction 2. Gold mine 3. Hatgyi hydropower dam 4. Myawaddy SEZ | Papun, Hlaingbwe Kawkareik Myawaddy | <p>DKBA clashed with Karen BGF around dams, gold mines and road construction areas. DKBA has had territorial disputes with Karen BGF over the land near the Myawaddy Special Economic Zone.</p> <p>In 2006, the Hatgyi Hydro Power Project stopped after two staff was injured by a landmine explosion.</p> <p>In 2009, the government army and DKBA attacked the KNLA in the area of the Hatgyi Dam construction displacing 4000 Karen.</p> <p>In April 2013, BGF attacked DKBA near the Hatgyi Dam site over territorial disputes. Some believe that this was a ploy by government forces that also clashed with the DKBA on May 4, 2013 after they refused to abandon one of its bases situated near the dam site.</p> |
| KIA | <ol style="list-style-type: none"> 1. Sang Gang Hydropower Dam Project on the Taping river in Kachin state 2. Myitsone Dam 3. Agribusiness in Tanai township 4. Chiphwe dams 5. Logging concessions in Putao 6. Jade mines 7. Mines along the Irrawaddy River (especially Gold) | Machanbaw, Putao, Waingmaw, Moemauk, Bhamo, Moegaung township | <p>Clashes near Sang Gang Hydropower Dam Project on the Taping River in Kachin state on June 9, 2011 occurred after the KIA rejected the government army demands to withdraw from the area.</p> <p>This clash broke a ceasefire agreement signed in 1994.</p> <p>KIO complained that completion of the Myitsone Dam would restrict military movements in the area.</p> <p>Heavy fighting occurred in the jade rich areas of Hpakant and other mines along the Irrawaddy River.</p> <p>Gun battles broke out in Machanbaw township in Putao district near the Chiphwe dams. This is also the location of Yuzana's Agribusiness plantations in Tanai township, and where Tycoon Tay Zaw has logging concessions.</p> |

| | | | |
|----------------|---|--|---|
| <p>KNPP</p> | <p>1. Ywar Thit Dam 2. Lawpita hydropower dam 3. Mawchi lead mine</p> | <p>Shadaw, Bawlakhe township</p> | <p>Local Karennis have a long standing resentment against the dam projects producing electricity for export, or for city centres and not rural areas. The KNPP attempted to blow up a power grid prior to reaching a ceasefire agreement with the government on March 7, 2012. KNPP protested the Ywar Thit Dam located on the Salween River in southern Kayah state. They negotiated to have a monitoring team the event it is built. KNPP claims the dam will cause problems for locals and restrict the movement of their troops. A clash occurred around the Mawchi lead mine on June 29, 2012 where KNPP, KNPLF and military UMEHL all have concessions.</p> |
| <p>KNU</p> | <p>1. Wei Gyi Dam 2. Hat Gyi Dam 3. Dagwin Dam 4. Road construction</p> | <p>Hlaing Bwe, Kawkareik, Papun, Hpa-an township</p> | <p>In August of 2013, clashes broke out between KNU's brigade 5 and BGF near the Dagwin and Hatgyi dams in Papun district. KNU's brigade 7 and government forces clashed on Sept. 12, 2013 in Hlaing Bwe township close to Hatgyi Dam. Shortly after the ceasefire in 2012, KNU and government troops clashed along a road construction project between Hpa-an and Myawaddy. KNU has complained that the Myanmar army has increased battalions in Karen state following the ceasefire. KNU suspect the development projects are an attempt by the government to occupy their area.</p> |
| <p>RCSS/SA</p> | <p>1. Tasang Dam 2. Mong Hsu ruby mine 3. Logging area</p> | <p>Mongton, Mong Hsu, Laikha, Lang Khur, Kunhing, Mong Pan</p> | <p>RCSS clashed with the Myanmar army in the area near the Tasang Dam in southern Shan state despite a ceasefire agreement signed on Dec. 2, 2011. Clashes also took place around the Mong Hsu ruby mine, Kunhein logging areas and Laikha. The RCSS fought with the UWSA where the latter has rubber plantations and other agribusiness investments in Mongton and</p> |

| | | | |
|---------|---|--|--|
| | | | Mong Pan. |
| SSPP/SA | <ol style="list-style-type: none"> 1. Shweli dams 2. Shwe Gas Project (gas and oil pipelines) 3. Tasang Dam 4. Mong Hsu ruby mine | Namkham, Kutkai, Hsipaw, Lashio, Muse, Mong Hsu township | <p>The SSPP/SSA and government forces clashed multiple times in northern Shan state where the Shweli dams and the Shwe Gas pipeline are located.</p> <p>The Myanmar army commanded SSPP troops to withdraw bases from areas around the Tasang Dam. Refusal of the SSPP/SSA to leave the area has led to many clashes despite a ceasefire agreement that was signed on Jan. 18, 2012. The SSPP asked the Myanmar army to withdraw from their operational area if they are sincere about building trust.</p> <p>The Myanmar army and SSPP have also clashed in the ruby mine area in Mong Hsu township on July 10, 2013 and in June of 2012.</p> |
| TNLA | <ol style="list-style-type: none"> 1. Shweli dams 2. Gas and oil pipelines | Namtu, Namkham, Mantong, Kutkai, Muse, Nam Kham township | <p>The Shweli hydropower dams and Shwe gas pipeline cross the TNLA's operational area in northern Shan state. Clashes have been most frequent and heaviest in this area. The TNLA has yet to sign a ceasefire with the government.</p> <p>The TNLA sees the military presence in their operational area as a sign the government does not want to achieve peace by political means.</p> <p>The TNLA also occasionally clashes with poppy growing People's Militia Forces (PMFs) during drug eradication campaigns in their area.</p> |

Development projects and land confiscation have led to discontent among the local population resulting in mass protests and even bomb attacks.

Table 2: Violence and civil unrest related to economic projects and land confiscation

| | | |
|---------------|---|--|
| 17 April 2010 | Myitsone Dam | Four bombs exploded in quick succession in front of Asia World Company's office. Another ten exploded in two other villages. According to the Kachin News Group, four were killed and over twelve people injured. *Mizzima News reported that no one was killed and only one Chinese worker was injured. |
| May 2011 | Tasang Dam | Several Chinese workers from the Tasang Dam were abducted by unknown armed men, but they were later rescued by the RCSS/SSA-S. Since then, security measures have tightened at the project site. |
| 29 Nov 2012 | Letpadaung copper mine More than 7,000 acres of land from 26 villages were confiscated and many families were displaced. | Large demonstrations broke out supported by protesters from across the country (e.g. Mandalay and Yangon). Official reports confirm that police used white phosphorous to suppress protestors near the mine site. More than 99 monks and 10 villagers were injured. Over a dozen protesters were jailed, including the prominent activist Naw Ohn Hla. |
| April 2013 | Kyauk Phyu Project | Since April 2013, twenty-seven protest leaders have been charged under Act 18 after more than 500 people protested against CNPC (China National Petroleum Corporation). ¹ Ten of the activists have since been incarcerated. |
| 16 May 2013 | Land confiscation by PNO militia | The NLD office in Mauksan village in Shan state's Taunggyi district was surrounded by about 30 armed troops |

¹ <http://www.mizzimaburmese.com/news/inside-burma/14054-2013-09-13-03-46-05.html>

| | | |
|------------------|---|--|
| | | from the PNO militia. The incident occurred following an NLD-organized protest against the seizure of 500 acres of farmland in Mauk San village, allegedly by the militia. NLD officials claim the armed group held the villagers captive after they ploughed the confiscated land. |
| June & July 2013 | Irrawaddy delta wide protest over land confiscation | Over 500 farmers were dealt a strategic lawsuit against public participation (SLAPP) for protesting against land confiscation in 13 townships in the delta region. More than 20 have been jailed and fined. In June and July, the farmers protested by ploughing land that was confiscated by the military. |
| 26 Feb 2013 | Ma Lat To land conflict | A policeman was killed, while twenty-seven other officers and nineteen protesters were injured after they demonstrated against their land being sold to a businessman. |
| 9 Sept 2013 | Italian-Thai Dawei Project | Kaw Htee Lor (Thebyutchaung) villagers east of Dawei blockaded a road to protest the Italian-Thai Development Company (ITD) for refusing to pay the promised compensation for properties damaged by construction. They demanded 400 million kyat (about US\$400,000) be paid to the 30 affected Karen villagers by the end of September. |
| 19 Sept 2013 | Naypyitaw land conflict Weigyi village Pobba Thiri township | Villagers attacked police when they tried to arrest a NLD member for organizing a protest by ploughing land confiscated by the Ministry of Information. Three policemen and five villagers were badly injured. |

Attempted Solution 1: NSAG and Government/military peace dialogue & code of conducts

To tackle the problem of troop positioning and ongoing clashes between government and NSAG troops, both sides have tried to settle the disputes through peace negotiations and the development of codes of conduct. Difficulties remain, however, in deciding who exactly controls and operates the contested areas. More importantly, serious challenges still exist in enforcing signed agreements.

There remains a divide between the government peace team that signs the ceasefire agreements with the NSAGs and the military commanders, who have seemingly separate agendas. Many continue to rule by decree that does not adhere to rule of law. While some attempts to communicate between NSAGs and regional commanders have been successful, like the KNU, others like those in Shan state have failed due to personal reasons and resistance from central command.

The causes of conflict remain disputed, each side blaming the other. For example, during the Sept. 7-8, 2013 meeting between UNFC and the government peace team, UNFC General Secretary Nai Hongsa told the Irrawaddy News that the government delegation claimed there would be no fighting if ethnic armed groups refrained from attacking the government-backed militias. Aung Min's six demands not to kill civilians, collect taxes, recruit new members, intervene in the government's administration or initiate hostilities with government-backed ethnic militias, also suggest NSAG responsibility for ongoing clashes.²

Some NSAGs and civil society groups are calling for an end to all large scale development projects within conflict sensitive areas before a consolidated peace and political settlement can be reached. While NSAGs generally want development in their areas, some groups - like the KNU and NMSP - say it is still too early for these types of projects. However, other NSAGs differ and have asked for development projects for their regions in government negotiations such as the CNF and RCSS. (See Economic grievance 4's Solution 1: Development projects related to peace negotiations).

² <http://www.irrawaddy.org/archives/43660>

Attempted Solution 2: Tackling violence against economic projects and land confiscation

See attempted solutions to “economic grievance 3: Land confiscation” and “economic grievance 4: Environmental and social impacts of development projects”.

Economic Grievance 2: Lack of ownership and management over natural resources

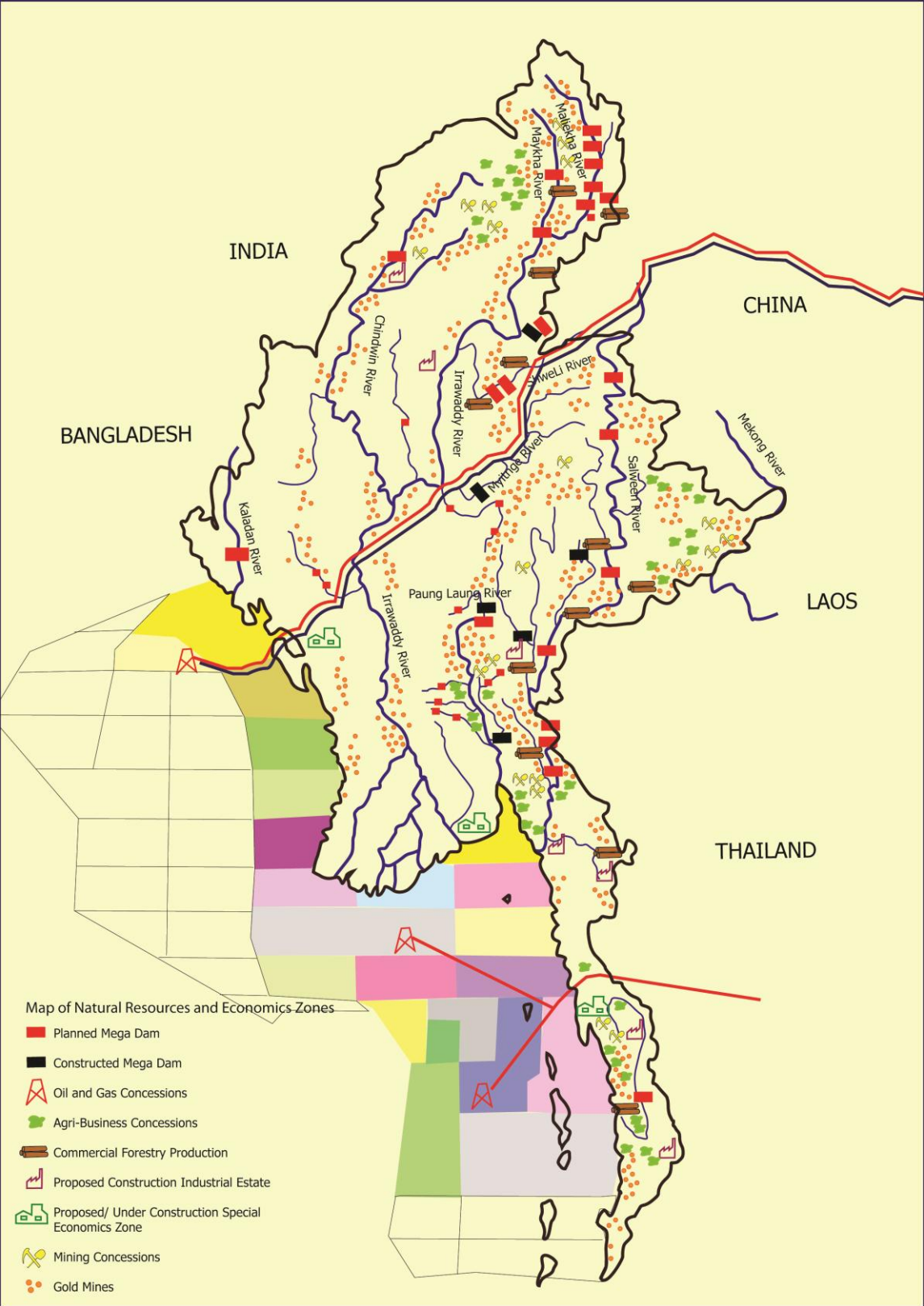
Problem 1: Resource curse



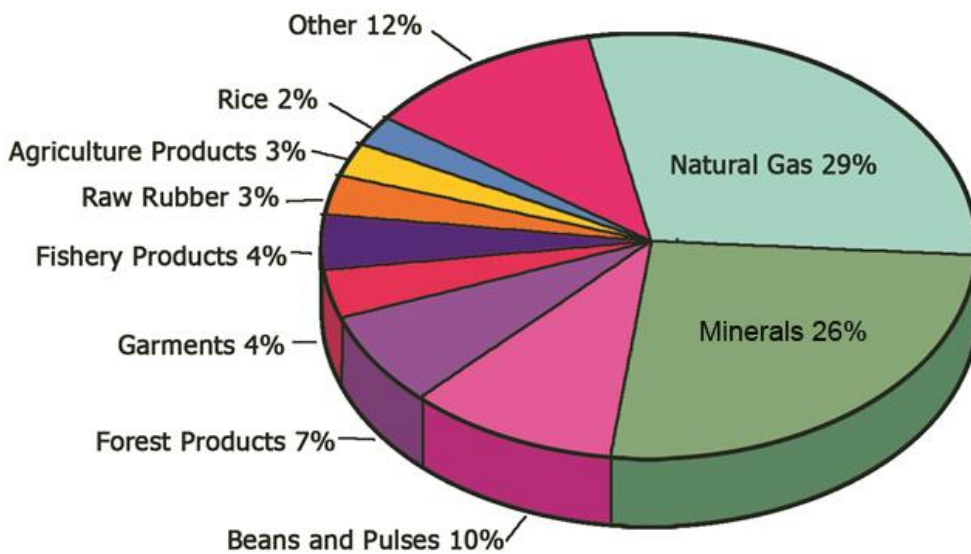
Myanmar is a classic case of a resource curse where rich natural resources create a paradoxical impact of conflict, poverty and underdevelopment. According to Asian Development Bank (ADB) and Accenture’s joint report, “New Energy Architecture: Myanmar”, published in June of 2013, Myanmar has over 8.1 trillion cubic feet of proven natural gas reserves and nearly 490 million tons of estimated coal reserves. The country has 37 oil blocks in operation, with 66 more having been offered over the last two years. The country also has substantial reserves of mineral deposits, including precious metals (gold, platinum, silver); industrial minerals (tin, antimony, zinc, copper, tungsten, lead, rare earth), stones (jade, marble, limestone); precious gems (ruby, sapphire, spinel, pearl); timber (teak and hardwoods), as well as rich agriculture, fishery and forest products.

Local grievances run high as people suffer the consequences of mega projects, including land confiscation, forced relocation or environmental and cultural destruction but do not receive any share of the profit. In cases of energy extraction projects like hydropower plants, many residing nearby are still living without electricity. The tyrannical attitude that perpetuates this disregard and disrespect of local populations is a major source of both distrust and resentment towards the central government by the affected civilians and ethnic armed groups. Poverty, a lack of opportunities for youth and nationalist sentiments that arise from this injustice are important factors that drive people to join ethnic armed groups. According to a Rakhine NSAG commander who wished to remain anonymous, his most important demand from the government is a guaranteed fair share of profits from his state’s natural resources for locals.³

³ Interview conducted in Chiang Mai, January 2013.



Economic overdependence on natural resources, gross mismanagement and a general lack of transparency has resulted in the concentration the nation's wealth in the military and its cronies, who hold most of the political power. This also reveals the military's role as an economic actor, and its vested interest in securing natural resources from the NSAGs who control of many of the richest areas. According to Myanmar Investment Commission statistics reported in August 2013, foreign investments from 32 countries are focused in four major sectors: energy, oil and gas, mining, and manufacturing.⁴ A breakdown of export earnings per sector shows that more than half come from natural resource extraction. The government is under pressure to protect these development sites for investors, intensifying tensions with NSAGs and increase local discontent

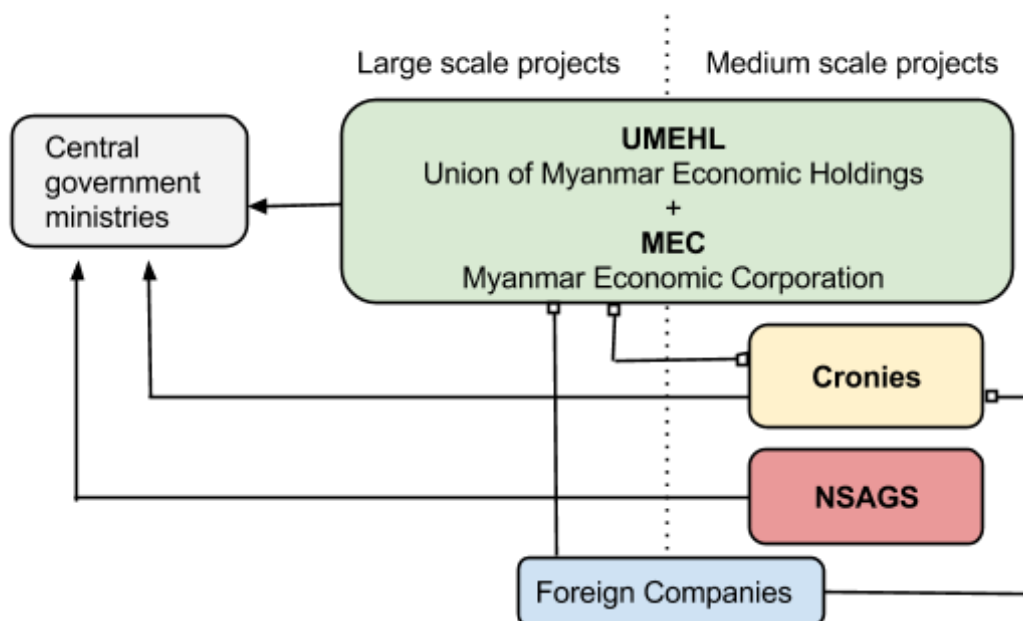


⁴ <http://www.elevenmyanmar.com/business/3386-myanmar-s-foreign-investment-hits-us-43-billion>

Problem 2: Military and crony monopolization of the economy

As a result of nearly five decades of military rule, all sectors of the economy are dominated by the military.⁵ Following the transition from the Burma Socialist Programme Party (BSPP) in 1988 to military rule under the new SLORC/SPDC regime, all state owned enterprises were privatised under two large conglomerates: Myanmar Economic Corporation (MEC) and the Union of Myanmar Economic Holdings, Ltd. (UMEHL). Together they control nearly all sectors of the economy in Myanmar. Large crony-owned companies and foreign companies have to work with the military and their conglomerates in order to conduct business in the country.

Control of major businesses and revenues



⁵ According to David Steinberg (“The Role of The Military in the Economy”, *Burma Economic Watch*, 1/2005) “The military’s involvement in the direct management of economic enterprises may be an outgrowth of its conception of its own self-perceived role as the essential positive social force and guardian of the state, as well as its distinct mistrust of civilian politicians and their competence. The Tatmadaw (armed forces) regard potential foreign domination and insecurity neither simply nor essentially as a matter of protecting boundaries, but rather that the dangers to the state have generally been internal—whether from minority disaffection or insurrections or from foreign economic domination. The need to control such activities thus becomes an element in the national security equation as perceived by state actors. When such an attitude is complemented by the self-identified need to protect state sovereignty, it becomes a strong rationale for internal control.”

Union of Myanmar Economic Holdings Limited



The Union of Myanmar Economic Holdings Ltd. was established by SLORC Order No.7/90 on February 18, 1990. Later it was registered on April 27, 1990 under the Myanmar Companies Act

(Registration No.28/90-91) with an initial capital of 10 billion kyat (*1990 currency estimates US\$1.4 billion). During the period of privatization and transition from a socialist command economy, many state owned businesses were transferred to the UMEHL. The conglomerate operates two types of shares: 40 percent are owned by the Ministry of Defence controlled Directorate of Defence Procurement; also known as Class "A" shares, with 60 percent owned by armed forces personnel, armed forces cooperatives, veterans and veteran associations; also known as Class "B" shares.

The UMEHL operates various types of businesses that include banking, tourism, real estate, transportation, cement factory, garment factory, plastic factory, palm oil plantation, shopping centres, metals, etc.

In 2011, the UMEHL had 30 subsidiary companies that include:

1. Bandoola Transportation (Parami Bus transportation)
2. Myawaddy Trading
3. Five Stars Shipping Company
4. Myawaddy Bank
5. Myawaddy Tours & Travel
6. Myawaddy Enterprises Group
7. Pyininbin Industrial Park (Textile)
8. Jade mines (Kachin state)
9. Ruby and sapphire mines (Shan state)

The UMEHL also operates joint ventures with 22 different companies that include crony owned companies like Htoo Trading Company (owned by U Tay Za), Shwe Than Lwin Company (owned by U Kyaw Win) and Asia World Company (owned by U Tun Myint Naing).

Many critics say that the UMEHL has also been involved in lucrative partnerships with drug lords. With its close affiliation to the Myanmar military, the conglomerate has exclusive access to secure preferential contracts with foreign firms. Most FDI in the country is done through joint ventures with UMEHL, for example, the Letpadaung copper mines.

Both the former Sr. Gen. Than Shwe and Vice-Sr. Gen. Maung Aye were members of the UMEHL's advisory board.

According to July 2011 sources, the CEC members of the UMEHL were:

| | |
|--------------------------|--------------------------|
| Chairman | Maj. Gen. Khin Zaw Oo |
| Vice Chairman | Maj. Gen. Hla Aung Thein |
| Managing Director | Maj. Gen. Win Than |
| Managing Director | Maj. Gen. Zarni Win |
| Deputy Managing Director | Col. Myint Aung |
| Deputy MD | Lt. Col. Than Tun |
| Deputy MD | Col. Win Kyi |
| CEC (Legal Advisor) | U Thet Aung |
| CEC | Col. Sein Georg |
| CEC | Brig. Gen. Soe Htay |
| CEC | Lt. Col. Kyaw Zay Ya |
| CEC | Maj. Maung Maung Mya Moe |
| CEC | Col. Thaug Win |

Myanmar Economic Corporation (MEC)



The Myanmar Economic Corporation (MEC) was established in March 1997 to rival the UMEHL, which some military heads felt that the UMEHL did not do enough to support the Ministry of Defence. The MEC is operated by the office of the quartermaster general of armed forces with private shares owned by active-duty military personnel. Like the UMEHL, it is a conglomerate company that is also controlled by the Myanmar military

but seems to have a stronger commitment to the welfare of the army and its service personnel.

According to July 2011 sources, the CEC members were:

| | |
|-----------------------|---|
| Chairman | Maj. Gen. Htin Aung Kyaw |
| Managing Director | Col. Khin Maung Soe and Brig. Gen Thura Myint Thein |
| Legal Advisor | Col. Soe Tint and Daw Aye Aye Kyi |
| Deputy Chief engineer | Lt. Col. Tun Tun Oo |
| Managing Department | Lt. Col. Than Tun |
| Trading Department | Capt. Myo Oo |

The MEC runs 27 companies including 5 steel plants, a bank, a cement factory and a rice mill. Like the UMEHL, it runs wholly-owned and joint ventures with 101 different companies, including crony companies and foreign companies such as Daewoo International Co., Italian-Thai Co. and Kawasaki Plant Systems Ltd.

Wholly-owned companies:

1. Innwa Bank
2. Steel factories
3. Than Lyin Oil refinery factory
4. Sugar factories
5. Construction companies
6. Rice mill
7. Dairy factory
8. Mining company
9. Minerals production and trading company
10. Hotel

Crony companies

Prominent business tycoons were able to emerge and share in the military's market dominance during the period of economic privatisation after 1988. These cronies relied on close ties with military leaders to secure business deals. This in turn benefitted the military, which lacked the expertise to manage medium to large-scale industrial projects.

Below is a list of several prominent tycoons and cronies that established companies in the 1990s. Most of the companies are conglomerates involved in construction, mining, logging, agribusiness and banking.⁶

1. Tay Za (Htoo Trading Co.)
2. Tun Myint Naing (aka Steven Law) (Asia World)
3. Zaw Zaw (Max Myanmar Co.)
4. Pyi Aung and Nay Aung (Aung Yee Phyo and IGE Co. Ltd)
5. Aung Thet Mann (Ayer Shwe Wah Co.)
6. Michael Moe Myint (Myint and Associates Group)
7. Ne Win Tun (Ruby Dragon Jade and Gems Co. Ltd)
8. Khin Shwe (Zaykabar Co.)
9. Htay Myint (Yuzana Co.)
10. Eike Tun (Aike Tun) (Olympic Construction Co. Ltd)
11. Chit Khaing (Eden Group)
12. Aung Ko Win (Kanbawza Bank)
13. Serge Pun (aka Thein Win) (Serge Pun and Associates (Myanmar) Ltd)
14. Kyaw Win (Shwe Than Lwin Co.)

⁶ <http://www.burmapartnership.org/wp-content/uploads/2011/06/The-Regime-s-Cronies-List-June-27-2011-Final.pdf>, http://www2.irrawaddy.org/article.php?art_id=14151&page=1

15. Win Aung (Dragon International Ltd)
16. Aung Myat (Mother Trading Co.)
17. Tin Win (Tin Win Tun Co.)

Problem 3: Poor levels of transparency, accountability and institutional integrity

As all revenues derived from natural resource projects are centralised by the union level government, grievances are further aggravated by a general lack of transparency about where the billions of dollars of revenues are going. With weak institutions and low professional standards, corruption is endemic in Myanmar. Business deals are known to involve some form of bribery or payoff at all levels, from the administrative clerk to government officials. It is also well known in ethnic areas that some resource extraction (e.g. minerals and timber) is done informally and then traded across the border to China and Thailand. These undocumented deals are personal agreements with the military, NSAGs and BGF/PMF.

According to global studies on transparency and accountability, Myanmar has failed appallingly by international standards. Transparency International gave it a score of 15 out of 100, ranking 172 out of 176 countries in a 2012 survey report.⁷ Revenue Watch Institute ranked the country last in a study of transparency and accountability in the oil, gas and mining sectors. The study examined 58 countries, giving Myanmar a “failing” composite score of 4 out of 100.⁸ Bertelsmann Stiftung’s transformation index, which analyzes and evaluates the quality of democracy, market economy and political management in 128 transitional countries, gave Myanmar 1.7 out of 10 in their status index; ranking 127, and 1.77 out of 10 in their management index; ranking 126.⁹

In 2009, Earth Rights International reported that Myanmar’s military leaders had siphoned US\$ five billion from natural gas earnings from the Yadana Project into offshore accounts in Singapore since 2000.¹⁰ The issue resurfaced on September 10, 2013 when financial researcher Jelson Garcia of Bank Information Center (BIC) - a Washington-based non-profit organisation that monitors international financial institutions - reported that the World Bank did not cancel the debts Myanmar owed as it held US\$11 billion in five foreign bank accounts. Garcia said that in addition to the World Bank, the International Monetary Fund (IMF) and Asian Development Bank (ADB) also provided him with the estimates. Some officials (like Finance and Revenue Minister Hla Tun, director of budget

⁷ http://www.transparency.org/files/content/publication/Annual_Report_2012.pdf, p21

⁸ <http://index.revenuewatch.org/rgi/data-tool> ; <http://www.revenuewatch.org/countries/asia-pacific/myanmar/overview>

⁹ <http://www.bti-project.de/fileadmin/Inhalte/reports/2012/pdf/BTI%202012%20Myanmar.pdf>, status index: <http://www.bti-project.org/index/status-index/>, management index <http://www.bti-project.org/index/management-index/>

¹⁰ <http://www.thenational.ae/news/world/asia-pacific/junta-has-stolen-billions-in-gas-revenue>

department Maung Maung Win and member of Myanmar Investment Commission Daw Khaing Khaing New), previously admitted that the government held foreign reserves as a common practice to facilitate importation of goods and services, and management of the exchange rate. President's spokesman Ye Htut however has denied the allegations.¹¹

Problem 4: Centralisation of resource revenue and management

A critical problem of reaching political settlement is how the Constitution addresses ethnic demands for self-determination, specifically ownership, management and revenue sharing. Section 37 of Chapter 1 (Basic Principles of the Union) enshrines centralisation of natural resource ownership and management, a major source of national revenue and power.

Chapter I Basic Principles of the Union

37. The Union

- (a) is the ultimate owner of all lands and all natural resources above and below the ground, above and beneath the water and in the atmosphere in the Union
- (b) shall enact necessary law to supervise extraction and utilization of State owned natural resources by economic forces
- (c) shall permit citizens right of private property, right of inheritance, right of private initiative and patent in accord with the law

The creation of state and regional level governments in the 2008 Constitution is a significant step in addressing natural resource management and ownership. Subnational governments now have partially elected legislatures, their own ministries, judiciary and financial budget that are essential structures for decentralisation of power, making them accountable to local populations. In reality, the Constitution is still far from resolving long held grievances; these new state level structures are largely administered from the center, facing problems of administrative and financial limitations.

The most obvious limitation is the little power of state and regional governments to control industries like agriculture, energy, electricity, mining and forestry, which are still managed on a union level.

Table 3 compares the legislative powers of union level (listed in Schedule one of the 2008 constitution) and state and regional level (listed in Schedule two of the 2008 Constitution), clearly demonstrating that decisions over key issues are made by the central government, while state and regional governments are left with control over small-scale projects. The same problem arises in budgetary powers as states can only collect tax on small-scale

¹¹ <http://www.elevenmyanmar.com/national/3398-myanmar-possession-of-11b-in-foreign-bank-accounts-based-on-information-from-wb-and-adb>

items as listed in schedule five of the Constitution, such as woods (with the exception of teak or other restricted hardwoods), electricity generated from medium- and small-scale electric power plants not connected to the national power grid.

Table 3: Legislative powers - contentious issues in the Constitution

| Schedule one - Union level | Schedule two - State/Regional level |
|--|--|
| <p>4. Economic sector</p> <p>(a) Economy</p> <p>(b) Commerce</p> <p>(c) Co-operatives</p> <p>(d) Corporations, boards, enterprises, companies and partnerships</p> <p>(e) Imports, exports and quality control thereof</p> <p>(f) Hotels and lodging houses</p> <p>(g) Tourism</p> | <p>2. Economic sector</p> <p>(a) Economic matters undertaken in the region or state in accordance with laws enacted by the Union</p> <p>(b) Commercial matters undertaken in the region or state in accordance with law enacted by the union</p> <p>(c) Co-operative matters undertaken in the region or state in accord with law enacted by the Union.</p> |
| <p>5. Agriculture and livestock breeding sectors</p> <p>(a) Land administration</p> <p>(b) Reclamation of vacant, fallow and virgin lands</p> <p>(c) Settlements and land records</p> <p>(e) Dams, embankments and irrigation works managed by the central government</p> | <p>3. Agriculture and livestock breeding sectors</p> <p>(a) Agriculture</p> <p>(b) Protection against and control of plants and crop pests and diseases</p> <p>(c) Systematic use of chemical fertilizers and systematic production and use of natural fertilizers</p> <p>(d) Agricultural loans and savings</p> <p>(e) Dams, embankments, lakes, drains and irrigation works having the right to be managed by the region or state</p> <p>(f) Fresh water fisheries</p> <p>(g) Livestock breeding and systematic herding in accord with the law enacted by the central government</p> |
| <p>6. Energy, electricity, mining and forestry sectors</p> <p>(a) Petroleum, natural gas, other liquids and substances declared by union law as dangerously inflammable</p> <p>(b) Production and distribution of electricity of the Union</p> <p>(c) Minerals, mines, safety of mine workers,</p> | <p>4. Energy, electricity, mining and forestry sectors</p> <p>(a) Medium and small scale electric power production and distribution are to be managed by the region or state if not linked with national power grid. Exception for large scale electric power production and distribution that</p> |

| | |
|--|--|
| <p>and environmental conservation and restoration</p> <p>(d) Gems</p> <p>(e) Pearls</p> <p>(f) Forestry</p> <p>(g) Environmental protection and conservation including wildlife, natural plants and natural areas</p> | <p>will be managed by the central government</p> <p>(b) Salt and salt products</p> <p>(c) Cutting and polishing of gemstones within the region or state</p> <p>(d) Village firewood plantation</p> <p>(e) Recreation centers, zoological gardens and botanical gardens</p> |
| <p>7. Industrial sector</p> <p>(a) Industries to be undertaken on a union level</p> <p>(b) Industrial zones</p> <p>(c) Basic standardisation and specification for manufactured products</p> <p>(d) Science, technology and research</p> <p>(e) Standardisation of weights and measures</p> <p>(f) Intellectual property such as copyrights patents, trademarks and industrial designs</p> | <p>5. Industrial Sector</p> <p>(a) Industries other than those managed by the central government</p> <p>(b) Cottage industry</p> |
| <p>10. Management sector</p> <p>(b) Administration of town and village land</p> <p>(h) Development of border areas</p> | <p>8. Management sector</p> <p>(a) Development matters</p> <p>(b) Town and housing development</p> <p>(c) Honorary certificates and awards</p> |

SCHEDULE FIVE Taxes collected by region or states

1. Land revenue 2. Excise revenue. 3. Water tax and embankment tax based on dams and reservoirs managed by the region or state and tax on use of electricity generated by such facilities managed by the region or state. 4. Toll fees from using roads and bridges managed by the region or state. 5. (a) Royalty collected on freshwater fisheries. (b) Royalty collected on marine fisheries within the permitted range of territorial water. 6. Taxes collected on vehicles on road transport and vessels on inland waterway transport in accord with law in a region or a state. 7. Proceeds, rent fees and other profits from those properties owned by a region or state. 8. Fees, taxes and other revenues collected on services enterprises by a region or state. 9. Fines imposed by judicial courts in a region or state, including Taya Hluttaw region or Taya Hluttaw state, and taxes collected on service provision and other revenues. 10. Interests disbursed by a region or state. 11. Profits returned from investment of a region or state. 12. Taxes collected on extraction of the following items from the forests in a region or state: (a) Taxes collected on all other woods, except teak and other restricted hard woods. (b) Taxes collected on firewood, charcoal, rattan, bamboo, bird nests, catch, thanetkha, turpentine, eaglewood and honey-based products. 13. Registration fees. 14. Taxes on

entertainment. 15. Salt tax. 16. Revenue received from the Union Fund Account. 17. Contributions by development affairs organizations in a region or state. 18. Unclaimed cash and property. 19. Treasure trove.

State ministries have been granted little autonomy for a variety of reasons. The state level administration and ministries are still staffed and run by the pre-existent, General Administration Department (GAD), which falls under the Home Affairs Ministry - a system created by the former regime in 1988 and controlled by the military. State departments also have an ambiguous and often-changing relationship with their corresponding union level ministries. As state department heads are appointed by union ministers, they are under the direction of the union level minister. Moreover, state and regional departments do not correspond directly with ministers of the state or regional government. This causes overlapping responsibilities that further confuse the chain of command and accountability. Essentially the state minister has no ministry and little to no authority in running state or regional management bodies. The executive chief minister of state is selected by the prime minister, which means they are ultimately accountable to the prime minister, not their assemblies. Other evidence that state structures are still dominated by the military include the reserved proportion for military personnel in state legislature, dominance of USDP military-backed political party representatives as state legislators and, most importantly, as selected chief ministers of the state.

State ministries are also restricted by the little share of the budget they receive (e.g. in the current FY 2013-14 union budget only about 3.6 percent is transferred to states and regions¹²). Much of the state revenue is again controlled by the GAD that administers the township level and controls budget allocated by the Home Affairs ministry. The state also has no financial autonomy as the budget, although approved by the state legislation, still needs to be submitted to the Union Financial Commission for final approval.¹³

¹² State and Region Governments in Myanmar, The Asia Foundation, September 2013, page 43

¹³ Most of the information on decentralisation is based on the “State and Region Governments in Myanmar (Report)” published by the Asia Foundation in September 2013

Attempted Solution 1: Institutionalising management of natural resources and revenues

In all peace negotiations, NSAGs have called for an increase in state power and constitutional federalism. This would allow for the self determination to “freely determine their political status and freely pursue their economic, social and cultural development”.¹⁴ In short, NSAGs want ownership and management power over natural resources in their areas, but the current constitution has granted more powers to the union government. Opposition leader Daw Aung San Suu Kyi also recognises that “the ethnic problem will not be solved by this present constitution which does not meet the aspirations of the ethnic nationalities”.¹⁵

Both foreign and domestic civil society groups and experts are also calling for decentralisation of power to address fairer management of resources. According to civil society groups, constitutional federalism is important for a number of reasons:¹⁶

1. Protecting state self-governance
2. Establishment of constitutional state ownership and control over local resources
3. State and region owned resources would increase local benefits
4. Federalism would reduce corruption by union officials
5. Communities affected by development would gain greater representation

The need to bring power to state levels to improve management, and ensure benefits for the local population has been recognised by top government leaders like lower house speaker Shwe Mann and President Thein Sein. In particular, the issue is important for spurring economic development and expediting the peace process. President’s Office Minister U Soe Thein said Parliament should approve changes to the Constitution to allow a greater percentage of revenue sharing. U Soe Thein told the RFA’s Burmese service that “it is our dream, the president’s and ours, to transfer the power to [the ethnic nationalities] to govern their regions”.¹⁷ Minister Soe Thein also said on October 3, 2012 the government wanted to provide more autonomy to ethnic states, calling on Parliament to approve changes to the Constitution that allow a greater percentage of revenue sharing from the exploitation of natural resources.

While amending the Constitution is encouraged by key figures in the government, a complete rewrite is not welcomed. During the Shan-Kayah conference in March 2013,

¹⁴ <http://www.dvb.no/analysis/self-determination-and-constitutional-reform-in-burma-myanmar-ethnic-minorities-constitution/32417>

¹⁵ Quote from Aung San Suu Kyi’s speech during a conference in Prague, 17 September 2013. <http://www.reuters.com/article/2013/09/17/us-myanmar-suukyi-idUSBRE98G0ZZ20130917>

¹⁶ Shwe Gas Movement’s Presentation “EITI: Challenges in Burma” at BNI’s Economics of Peace Conference, 8 Sept 2013

¹⁷ <http://www.mizzima.com/news/inside-burma/8156-burma-wants-to-share-more-revenue-with-ethnic-states-minister.html>

Shan leaders said they were warned by Aung Min to not raise the issue.¹⁸ Many ethnic leaders and groups, including the UNFC, have called for the Constitution to be rewritten due to its restrictive nature in making amendments. Currently the UNFC and UNA are drafting a federal constitution to counter the current one. The UNFC principles will be based on a second draft federal constitution published in 2008. The second draft included some input from the ethnic armed groups, civic groups and individuals. The main features with regard to power sharing include separate constitutions for each member state and full power of each state's legislation to control all affairs in their own state. These will include tax, large scale energy projects and exploitation of natural resources (see article 104).

As part of the government's attempts to tackle power sharing issues, President Thein Sein has made decentralisation an important part of his overall reform strategy. Minister U Hla Tun of the President's Office is primarily responsible for decentralization. The Framework for Economic and Social Reform (FESR), which is a ten-point reform strategy drafted at the Centre for Economic and Social Development (CESD) to support the president's policy approach to a more people centered development strategy, was announced at the third planning committee meeting on December 28, 2012. It emphasizes development of laws and regulations surrounding decentralization, and the possibility of adding areas to the existing list of state and regions' responsibilities, stressing the need for a more "comprehensive" policy on decentralization. The president has expressed hope that this new administrative system "will reduce public grievances caused by the high handed actions taken by individual administrators".¹⁹

In August 2013, the president announced public administration reform initiatives to bring more order to the confused accountabilities among state and region departments, ministers and Hluttaws. These include increasing more state and region influence over human resources and further deconcentration of major union ministries. As part of this 30 month development plan, the structural formation of village and township committees will oversee implementation on a local level, reviewing and prioritising development projects.

Parliament has also passed a new region or state Hluttaw bill replacing the 2010 State Peace and Development Council (SPDC) law. The 2013 law introduces potentially significant changes, including permitting a state or regional Hluttaw office that is not necessarily GAD controlled, allowing for public attendance at Hluttaw sessions, and proposing that representatives should have constituency funds and independent representative offices. The UNDP with its partner organization United Nations Capital Development Fund (UNCDF) and the World Bank are both in the process of designing and initiating large development programmes with subnational governance components. They partner with government, aiming to provide resources to township and community levels while enhancing local capacities for development planning and implementation. Linkage of these projects to the roles and capacity of state and region governments will be

¹⁸ <http://bnionline.net/index.php/news/shan/14995-ethnic-armed-group-leaders-and-government-representatives-met-in-lashio.html>

¹⁹ <http://www.president-office.gov.mm/en/?q=briefing-room/speeches-and-remarks/2012/12/26/id-1320>

important in ensuring they contribute to the broader evolution of sub-national governance structures.

On the legislative front, the ruling majority USDP established a parliamentary committee on July 25, 2013 to review the country's Constitution and determine which changes will be in line with the pace of political reforms. The 2008 Constitution Joint Review Committee is chaired by Deputy Speaker of Lower House U Nanda Kyaw Swa and the vice chair is the deputy speaker for the Upper House U Mya Nyein. It includes 109 MPs: 52 members from the ruling party, 25 military MPs, 7 from NLD and 25 from other winning parties and individuals. They have until December 31, 2013 to produce their recommendations. The committee held its first meeting on August 23, 2013, but it is not known what issues are being discussed.²⁰ Aside from the commission, parliament also held a debate on "Decentralisation and Restructuring Administration" in the upper house on August 6, 2013.²¹ Writer Kyaw Win presented on "Federalism and Practise in Myanmar" and another writer Saw Myint Maung gave a presentation on "Decentralization and Restructuring Administration".²²

To balance the Constitution review committee, the NLD and UNA parties have formed their own review committee intending to publish a report in November 2013. They hold weekly meetings every Saturday, but have not publicised the specific issues they are tackling.

Proposals for power sharing have been vague with no specific suggestion on which powers, or what percentage of the budget should be allocated to whom. Zaw Aye Maung, the Yangon region Ethnic Rakhine Affairs minister, proposed a 'Myanmar Natural Resources Allocation Bill' on August 18, 2013 to grant ethnic people proceeds from natural resources extracted in collaboration with foreign and domestic companies. At time of writing, the bill is under consideration by the Rakhine Nationalities Development Party (RNDP), Arakan League for Democracy (ALD) and legal experts, and will be one of the issues presented to Parliament speaker Thura Shwe Mann on September 29, 2013.²³ Sai Eaik Pau, Minister of Shan State Forest and Mining, has also demanded for Parliament to increase state budget sharing to 50 percent from 7 percent of the national budget during a visit by parliamentary chair Thura Shwe Mann in Taunggyi on September 2, 2013.

The WGEC's framework for peace talks (latest version on April 8, 2013) vaguely mentions the need to discuss state versus union level governmental powers and state constitutions in its "dialogue issues" topics on "1. Constitutional reforms" and "3.

²⁰ <http://www.myawady.net.mm/allnews/local/item/23331-2013-08-24-09-28-04>

²¹ Decentralization and Restructuring Administration Debate held, New Light of Myanmar, 2 Aug 2013. p8
<http://www.burmalibrary.org/docs15/NLM-2013-08-02-red.pdf>

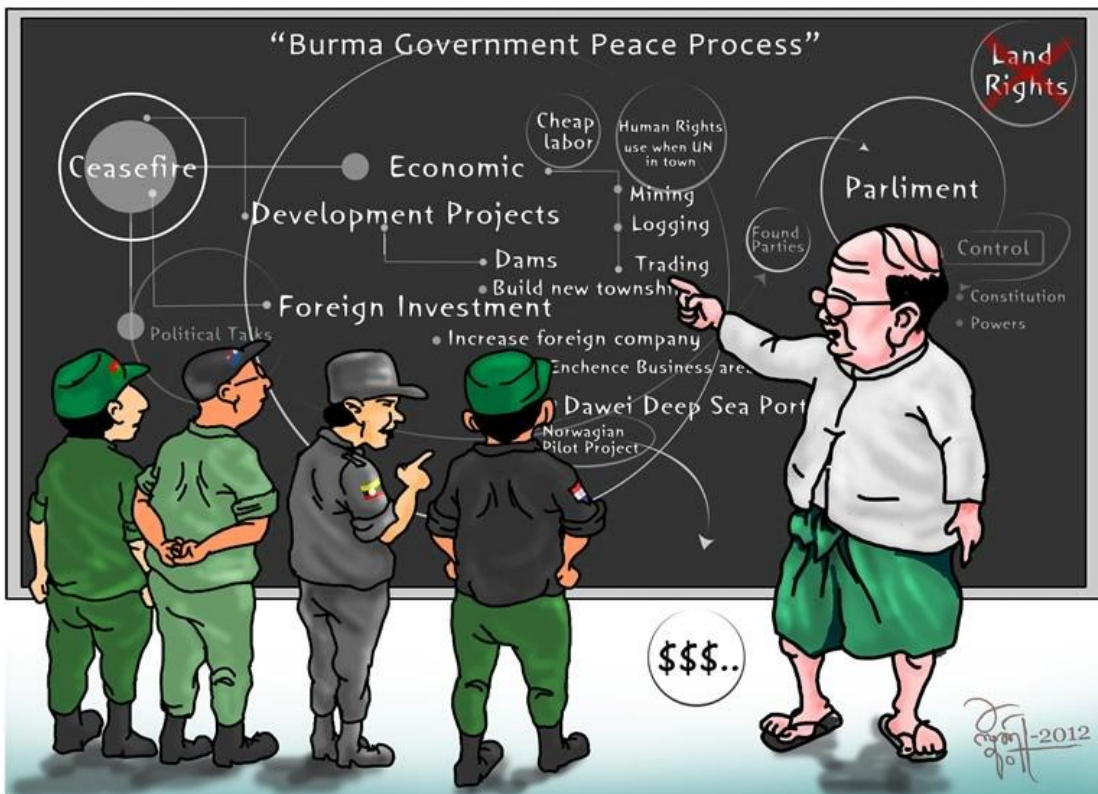
²² <http://www.rfa.org/burmese/news/writer-kyawwin-explain-federalism-paper-08062013124832.html>

²³ <http://www.mizzima.com/business/natural-resources/9877-minister-seeks-support-to-table-natural-resources-allocation-bill-in-the-parliament>, <http://www.mizzima.com/news-91481/prisoner-watch/10149-speaker-to-meet-with-rakhine-organizations>, <http://www.mmtimes.com/index.php/national-news/7941-rakhine-push-for-fair-share-of-resources.html>

Economical questions” proposed for peace talks between NSAGs and the government. However these again do not give concrete solutions, leaving the issue open for discussion and agreement between the two sides.

Attempted Solution 2: Economics behind the government’s DDR plan

Business concessions are an important part of the government's Disarmament, Demobilisation and Reintegration (DDR) scheme to reintegrate armed groups back into the legal fold. It is also a key demand in many peace agreements by NSAGs to improve the economy of their regions. These also allow sustainable income for NSAGs to maintain their power and support the livelihoods of their soldiers as well as their families.



This importance for economic arrangements is explained well in the WGEN framework’s inclusion of transitional arrangement: “to enable EAGs to operate during the transition period of the peace process in order to enable them to take on a strong role in a future Union of Burma/Myanmar”. Under section “3. Power sharing”, it states “(a) EAGs are granted access to resources, either through (i) Tax collection, (ii) Engaging in business activity, (iii) Receiving aid from the Government or international donors, or (iv) Revenue sharing from mega-projects in the territory of EAGs”.

BGF/PMF

According to the government’s DDR program, NSAGs should transform into political parties to compete in elections, while members under 50 years will serve in BGF/PMFs under command of the government military. In addition, they are encouraged to operate legal businesses and register as companies.

The results so far have been diverse. While some have been successful in setting up companies and even being elected as MPs in their areas, others have become heavily involved in illegal activities such as “collecting taxes” and the drug trade in order to sustain themselves. This explains why there has been an increase in drug production despite the ceasefires. However as the government does not want to disrupt these fragile agreements, they often turn a blind eye to illegal activities by BGF/PMFs. The most notorious case of a PMF becoming a criminal organisation is Naw Kham and his Hawngleuk Militia based in the Golden Triangle of eastern Shan state. This example presents a strong warning about the failings of the BGF and PMF plan.

Business demands and concessions in post-2011 peace negotiations

Most NSAGs have asked for specific business concessions during peace negotiations with the government as a way to participate in regional development. It is also a form of political settlement as it allows NSAGs a share in the economy and access to natural resources in their respective areas. The revenues they earn also allow them to legally maintain the activities of their group and part of the demilitarisation and reintegration process.

Below is a list of business concessions demanded and achieved to date (September 2013). This has had mixed results with some being successful, while others have not. This is due to management problems (as many do not have business skills), or in other cases like the RCSS, the military has blocked their activities despite being allowed to register and operate by the government peace team.

Table 4: NSAG businesses

| NSAG | Registered Company | Details |
|------|--------------------|--|
| CNF | Khonumhtung (2012) | Construction, logging, communication, trading, tourism Concession to build a 15 mile road from Htantalan Granted permission to cut 1000 tons of teak and 1000 tons of hardwood |
| DKBA | Unregistered | Rubber plantation, sandalwood |

| | | |
|------------------------------|---|---|
| | | plantation, mining and teak wood logging |
| Karen BGFs | Unregistered (running business as a BGF) | agribusiness, mining, trading, manufacturing, tourism (According to BGF leader Col. Saw Chit Thu, more than 50 percent of net benefits have been used in local development, healthcare and education for member's family). |
| KIO | Buga (1994) | Distribution of electricity to Myitkyina, Mining (jade), trading, agribusiness (all activities except electricity distribution have stopped after the ceasefire broke down in 2011) |
| KNPP | 1. Kayah Htarnay Co. (2012) 2. Tamaw Hta (2012) | Kayah Htarnay Co. 'Lead' exploration in Kayah state, Tamaw Hta will run as an import and export company focusing on timber (teak wood). |
| KNU | 1. MOE KO SAN Travel & Tours Co. Ltd, Trading Company Ltd. (run by Brigade 7) 2. Unregistered businesses | Logging, mining, agribusiness, tourism, transportation |
| KNU/KNLA Peace Council (KPC) | Unregistered | Rubber plantation, transportation and border trade Demanded exploration and trade licences for timber and mineral extraction and tourism |
| NDAA | Shwe Lin Star Tourism (1989) | Mining, agribusiness, logging, trading, tourism, hotel, casino Granted 1000 tons of timber (out of 10,000 tons it had requested). It is also permitted to construct hydropower plants and operate mineral mines. |
| NMSP | 1. Ramanya International (1995) 2. Hansawati Company | Construction, agribusiness and trading |

| | | |
|------|---|---|
| | (1995) 3.Ramanya United (2012) | |
| PNLO | Pending registration | Permitted to conduct logging, mining and minerals, trading, cement, construction, as well as run hotels and warehouses |
| RCSS | Shan Taungdan Cherry (2012) | Permitted mining, road construction, logging, agriculture, power distribution, tourism, trading, transportation and agribusiness Proposed to establish industrial zone in southern Shan state |
| SSPP | Unregistered | SSPP leaders are known to have ruby mine and trading concessions following the 1989 ceasefire. |
| UWSA | Thawda Win (registered in 2012) changed the name from Hong Pang Group (1988) 1. Tet Kham Co. Ltd 2. Myanmar Dagaung Co. Ltd 3. Mong Mau Co. Ltd | Multiple businesses: construction, agriculture, gems and minerals, logging, petroleum, electronics, telecommunications, factories, bank, distilleries, department stores, airline, hotels and brewery |

Role of Business Peace brokers



The involvement of Dawei Princess Co. Ltd in brokering and providing logistical and financial contributions during the early stages of KNU-Government peace talks demonstrates the role of businesses in bridging NSAGs with the government.²⁴ Dawei Princess also paid for the establishment and operating costs of the KNU liaison office in Dawei town, but after the establishment of the Myanmar Peace Center and Peace Donor Group the company is no longer involved in the peace process. Dawei Princess Co. Ltd is run by retired military officer U Ngwe Soe, a stakeholder in the Dawei deep-sea port and logging businesses that cross through KNU-controlled territory. This has naturally raised suspicions about the government's outsourcing of the ceasefire process to commercial entities like Dawei Princess Co. Ltd.

According to the U Ngwe Soe they were involved in the peace process for purely philanthropic reasons in the pursuit of peace.²⁵ As a former military officer who fought against the KNU in 1982, U Ngwe Soe claims he has a personal desire for the conflict and suffering to end. More importantly, his close relations with KNU officials and the government positioned him well to broker the peace talks between the two sides. He cites certain initiatives by high ranking officers of KNLA Brigade (4) that motivated the Dawei Princess Company's mediation of peace talks with the government. KNU's Naw Zipporah Sein also confirmed that the Dawei Princess Company made the first contact to the KNU and initiated the state level meeting with the government team led by U Aung Min.²⁶



Similarly, the Peace Creation Group (PCG) that has been instrumental in mediating between the KIA and government peace team is made up of high profile Kachin businessmen. PCG also claim that their involvement in the peace process has been purely philanthropic and they do not aim to gain advantages in the way of business concessions. Like Dawei Princess Co. Ltd, the PCG were able to leverage their good relations with both the KIO and the government to broker talks between the two sides.



Towards the beginning of the peace talks KNU Vice-chairperson Padoh Naw Zipporah Sein seemed to express more concern about the role of government advisors from the so called civil society

ie project include the Dawei Development Co., a subsidiary of Max Myanmar Princess Co., owned by Khin Zaw Min, the brother of former Triangle Region n Zaw Oo; Myanmar Original Group; Kanaung Asia; Yuzana Co., owned by y Myint; and San Thit Co. <http://www.mizzima.com/news/inside-burma/6379-coal-power-plant-in-dawei-cancelled.html>

²⁵ http://www.daweiprincess.biz.mm/index.php?option=com_content&view=article&id=12&Itemid=117

²⁶ <http://karennews.org/2012/05/knu-questions-role-of-govts-business-linked-peace-talk-advisors.html/>

group Myanmar Egress that is actually made up of businessmen holding key positions in the Myanmar Peace Center.²⁷ Myanmar Egress's President Tin Maung Than is the vice president of the Myanmar Fisheries Federation, and Vice President Hla Maung Shwe is also vice president of the Union of Myanmar Federation of Chamber of Commerce & Industry (UMFCCI). Naw Zipporah Sein told the Karen Information Center that they "don't know exactly what their roles are...Myanmar Egress acts as an advisor to the government, but the government has not yet officially explained its role to the KNU".

Politics of Foreign aid in development

Many civil society groups are also skeptical about the business interests of foreign assistance in the peace process, namely the two main donors funding the peace process Norway and Japan.²⁸



Norway is spearheading the Peace Donor Support group (members include Australia, the United Kingdom, the European Union, the United Nations, and the World Bank). They are also the facilitating body of the Myanmar Peace Support initiative (MPSI). In June 2012, the group offered US\$100 million for peace building. While acting as a peace broker, Norway has also shown strong economic interests in Myanmar. The Norwegian Telecommunications Company Telenor won one of two mobile operating licenses from the government of Myanmar. Norway's energy company Statoil is considering exploring Myanmar's oil and gas resources. The

Norwegian Prime Minister Stoltenberg explicitly said during his trip to Myanmar on November 4, 2012 that "Norway wishes to boost trade and commercial ties with Myanmar...in energy, hydropower, oil and gas, fishery and communication".



Japan channels specific support for the peace process through the Nippon Foundation, which has already provided US\$3 million to the UNFC. On the economic front, Japan will invest US\$ 12.6 billion to build Thilawa SEZ near Yangon (Mitsubishi, Marubeni, Sumitomo have a 49 percent share). The Japanese government has strong interests in infrastructure projects, mining and other general opportunities in the emerging markets. The prime minister and deputy prime minister's visits to Myanmar in May 2013 and December 2012 saw the cancellation of

Myanmar's 500 billion yen (US\$4.9 billion) debt and the addition of hundreds of billions of yen in Japan's Official Development Assistance to Myanmar. Many political analysts

²⁷ <http://karennews.org/2012/05/knu-questions-role-of-govts-business-linked-peace-talk-advisors.html/>

²⁸ Based on concerns expressed by the Ethnic Community Development Forum's general secretary Sai Khur Hseng in his presentation at BNI's Economics and Peace seminar on September 8, 2013.

suspect that Japan has strong geopolitical interests in Myanmar to counter China's dominance in Southeast Asia.

Attempted Solution 3: Improving governance

Improving Myanmar's weak and inefficient governance systems is a necessary precondition to support rapid reforms and tackle corruption. Administration training has been held for government officials and civil servants by both local experts and foreign governments such as Japan and China. Initiatives to enhance local capacities for improved decentralisation and general governance are also covered under development aid programs by foreign donors (e.g. Australia, IMF, UNDP and World Bank).

Myanmar's lower house of Parliament formed a 15-member Committee for Rule of Law and Peace and Stability on August 7, 2012. Parliamentarian Daw Aung San Suu Kyi serves as the chairperson. The committee assists and coordinates with MPs, government judicial bodies and other government staff and the media with the intention of ensuring that rule of law is followed. If necessary the committee can take action by informing the house speaker. The committee also monitors legal matters regarding the revoking, amendment and promulgation of laws and by-laws. During its first meeting on August 9, 2012 discussions were aimed at making sure the peace-making processes adhere to the law. By October 2012, the committee had already received more than 1,700 complaint letters, mostly related to land disputes and other legal and judicial issues. The committee was said to have sought cooperation from relevant ministries for assistance in addressing the grievances. A seven-page report that was submitted by the committee in August 2013 called independence between the state and the judiciary an important step for establishing effective rule of law. The report also highlighted weaknesses in the legal system and the general ineffectiveness of the police force in solving crimes. The report suggested that Parliament form an independent anti-corruption team to aid in the elimination of bribery and corruption in Myanmar.

An anti-corruption action committee created by presidential decree on January 8, 2013 is seen as an important first step by some in tackling endemic corruption.²⁹ The committee is chaired by Vice President Dr. Sai Mauk Kham, with U Hla Tun, director general of the President's Office, serving as secretary. Other members include Minister for Home Affairs Lt. Gen. Ko Ko, President's Office Minister U Thein Nyunt, President's Office Minister U Soe Maung, President's Office Minister U Soe Thein, President's Office Minister U Tin Naing Thein, Attorney-General Dr Tun Shin and U Than Kyaw, an adviser to the president on legal affairs.

The specific functions and scope of operations of the committee are still unclear. At a meeting on July 1, 2013, Sai Mauk Kham issued a statement about the key issues to be

²⁹ <http://www.mmtimes.com/index.php/national-news/3773-anti-corruption-committee-formed.html>

addressed, suggesting actions to be taken.³⁰ Many have expressed concern that there are no non-governmental representatives on the committee, which may explain why the Committee for Rule of Law and Peace and Stability called for an independent anti-corruption team.

The anti-corruption bill passed by Parliament on August 7, 2013 aims to achieve good governance, rule of law and transparency in the country that will meet international standards.³¹ The bill was part of an effort to ratify the UN Convention against Corruption and was drafted with assistance from UNODC and UNDP.³² The bill requires all officials in the executive, judicial and legislative branches of government to declare their assets. Those found guilty will be charged by the Anti-corruption Commission formed by the Anti-corruption Action Committee. The Anti-corruption Commission is also required to declare their assets, but the president opposed this provision. According to chapter (3) section (d), the anti-corruption commission has the authority to investigate unusual levels of wealth and any corruption cases. In section (e), the commission must report findings to the president and upper and lower house speakers.

The Public Service Performance Appraisal (PSPA) was established on February 22, 2013 under government order number 17/2013. Its primary objective is to increase efficiency-related services to establish a people-centered good governance system with better administration. The committee is led by President's Office Minister U Tin Naing Thein, and includes deputy ministers from Home Affairs, a political advisor to the President U Ko Ko Hlaing, economic, and social advisors Dr. Aung Tun Thet, Dr. Zaw Oo and U Tin Maung Than from MDRI. The team will cooperate with ministries to identify redundant and inefficient bureaucratic procedures, as well as analyse their operations and public relations, collect internal and public opinions and consult domestic and foreign experts. Their findings and suggested improvements will be presented to the president.

Attempted Solution 4: Transparency and the Extractive Industries Transparency Initiative (EITI) candidature

Increasing partnership with civil society and recognition of local voices has been acknowledged as vital to effectively increasing transparency. The government also realises the need to ensure trust from locals in order to ensure healthy and sustainable growth.



³⁰ <http://www.mizzima.com/news-91481/prisoner-watch/9628-anti-corruption-committee-meets-in-naypyitaw>

³¹ <http://www.myanmargeneva.org/uselink/uselink2.htm>

³² <http://www.unodc.org/southeastasiaandpacific/en/myanmar/2012/10/uncac/story.html>

One major step in improving transparency is the government’s plan to join the Extractive Industries Transparency Initiative (EITI) by the end of 2013. This will provide an important framework and standards to improve reporting practices in extractive industries. Supporters of the bid say compliance with the EITI will improve the country’s investment climate, sending a strong signal to potential investors and international financial institutions that the government is committed to achieving greater transparency. It also helps to ensure good practices that will assist in solving conflicts over resources, reducing the communication gap between all stakeholders and attracting large investors.

Nine extractive industries have already been proposed for Myanmar’s EITI candidature:

1. Oil and gas exploration, development, processing, domestic use and export
2. Oil and gas transit and transfer pipelines
3. Hard minerals and metals in the mining sector
4. Industrial minerals in the mining sector
5. Gemstones and semi-precious stones sector
6. Timber and forest products sector, including forest plantations
7. Hydroelectric power
8. Fisheries
9. Non-timber forest products and wildlife

If all goes as planned, a multi-stakeholder group will be formed by the end of October and Myanmar will submit its first annual EITI report in 2015. The EITI rules require that any country applying for EITI Candidate status must meet the following five requirements.

| NO | Candidature requirements | Status |
|----|--|---|
| 1 | The government must issue an unequivocal public statement of its intention to implement EITI. | Completed - 14 December 2012, order no. 99/2012 (publically announced on the front page of the New Light of Myanmar newspaper |
| 2 | The government must commit to working with civil society and the private sector to implement EITI. | Completed |
| 3 | The government must appoint a senior individual to lead an implementation of EITI. | Completed - 14 December 2012. The high level committee is headed by Presidential office minister U Soe Thein. He leads a team of four other ministers: Minister of Environmental Protection, Minister of Energy, Minister of Mines and Minister of Finance (secretary). |

| | | |
|---|--|--|
| 4 | The government must establish a multi-stakeholder group to oversee implementation of EITI. | In Progress - a technical advisory group based at the Myanmar Development Resource Institute (MDRI)'s Center for Social and Economic Development will help establish and administer the multi-stakeholder group. ³³ They are supported by the World Bank and Australian government that manages a multi-donor trust fund for Myanmar's EITI candidature. They have also created a country technical advisor post. |
| 5 | The multi-stakeholder group, in consultation with key EITI stakeholders, must agree on and publish a fully-costed work plan, containing measurable targets, a time frame for implementation and an assessment of capacity constraints. | Pending |

The Myanmar Development Resource Institute's Center for Economic and Social Development (MDRI-CESD) has been tasked to coordinate the establishment of the MSG. In May 2013, MDRI led a team of 23 representatives that attended the EITI Global Conference in Sydney, Australia. These included civil society groups such as 88 Generation Students Group, Mon Social Development Network, Myanmar Geologists Association, Myanmar Green Network, Paung Ku and Shwe Gas Movement.

Thein Sein's presidential notification stated that preparations for candidature should be complete by the end of 2013; although the deputy team leader of Myanmar EITI cooperation office (MEITI) Min Zar Ni Lin said that the country will most likely not be compliant until 2016 or 2017. Min Zar Ni Lin claims that the main difficulty is the lack of legal status for most civil society groups.³⁴ Moreover, problems of mistrust between civil society groups and the government remain a hurdle in forming the multi stakeholder group. EITI communications officer in Norway, Helene Johansen, also told the Irrawaddy that limited public access to information about the sector was another major challenge facing EITI implementers. Civil society groups like Shwe Gas Movement are also skeptical about the government's ambitious plans to complete its candidature by the end of the year for the same reason, and emphasised the Myanmar Oil & Gas Enterprise (MOGE) is an important source for the military's finances, which may suggest an unwillingness to expose industry accounts.³⁵

³³ <http://www.mmtimes.com/index.php/national-news/7798-myanmar-eiti-application-on-track-for-december.html>

³⁴ <http://www.irrawaddy.org/archives/42094>

³⁵ <http://www.irrawaddy.org/archives/40242>

Economic Grievance 3: Land confiscation and rights

Problem background

A major source of resentment against the government and its reforms is large scale land confiscation for development projects - a result of the previous SLORC/SPDC regime's economic reforms that focused on rapid economic growth.³⁶ The government used the 1963 Land Acquisition Act, which nationalized land ownership across the country, to justify land grabs beginning in the 1990s. In addition to business and development projects, the military also confiscated large amounts of land to build military sites, as well as selling land for personal profit. Because 70 percent of Myanmar's population depends on agriculture for their livelihoods, land confiscation and tenure insecurity are a major cause of poverty and food scarcity. While there is no data to prove exactly how much land has been confiscated from 1989 to 2010, TNI estimates over two million acres. To date, nearly 300,000 acres of land have been identified in formal complaint letters as illegally confiscated, and are currently being investigated.³⁷ Despite new land reform laws passed in 2012, reports of arbitrary land confiscation continue in all parts of the country.³⁸

The commercialisation of land under the new land laws and foreign investment laws in 2012 has created a new round of large scale land grabbing. While this was meant to be part of privatisation reforms for export led and agro-industrial growth with the aim of creating jobs and overall development, it in fact favours big businesses over small landowners and migrant farmers. Moreover, in cases of leasing land to foreign investors, this has not always led to job creation as many bring in their own labourers (especially Chinese and Thai companies). The new land laws also create problems for many farmers, especially those in remote and conflict/post-conflict areas that do not own formally recognised land titles despite having lived off the land for years. For many ethnic populations there is no legal recognition of customary or collective land ownership systems of land use, especially societies that practice shifting cultivation. Nor is there any legal right of return for hundreds of thousands displaced by decades of conflict. The new land laws classify large areas as "virgin" or "vacant" land, and former inhabitants are now considered "squatters".

Land confiscation for development projects has led to frequent protests and created a new wave of refugees and internally displaced people. In other cases, former inhabitants are now being forced to rent their land from the military, or work as labourers for large agribusiness plantations that have bought up their land. One example of how the land grab trend unfolds is the a crop substitution program that promotes Chinese companies

³⁶ "The Land Core group's Shwe Thein, a 57-year-old former civil servant in the Forestry Ministry, notes that when the government began opening the country up to the world economy in the early 1990s, the priority was too focused on quick economic growth, and not on food security, giving away millions of acres of land for large scale agriculture between 1991-2012." <http://www.bangkokpost.com/print/366469/>

³⁷ "Access Denied - Land Rights and Ethnic Conflict in Burma", Transnational Institute, Burma Policy Briefing Nr 11, May 2013

³⁸ <http://www.irrawaddy.org/archives/43930> for Mon state.

(subsidised by the Chinese government) to establish mono-plantations, primarily growing rubber in areas previously used for poppy production. The Chinese companies, after procuring the land, then hire the former inhabitants of the land as workers.³⁹

Table 5: Important new laws and committees related to land grabbing

| Date | Law/Bill | Enforcing Body | Mandate |
|---------------|--|--|--|
| November 2012 | Foreign Investment Law | Myanmar Investment Commission & Union Level Govt. | Allows 100 percent foreign ownership with restrictions that the MIC administers and approves. These restrictions include investments in certain sectors such as agriculture, livestock breeding and fisheries. Restrictions also protect against investments that are detrimental to ethnic cultures or customs, public health, natural resources, environment and biodiversity. Pyidaungsu (Union) government also has a role in determining whether investment projects can be conducted in ethnic nationalities areas. It can waive the restriction that requires Foreign investment projects to be built within ten miles of international borders, except in SEZs, if the project is deemed beneficial to citizens, especially in ethnic nationalities areas. |
| March 2012 | Vacant, Fallow and Virgin Lands Management Law | Central Committee for the Management of Vacant, Fallow and Virgin Lands, (chaired by the Minister of Agriculture and Irrigation) | Stipulates a maximum of 30 year leases for agribusinesses and can extend a maximum 30 year lease if they get permission from the central government provided the land in question is in less developed areas of the country that lack communication, and that the project promotes Myanmar's overall economic development. |
| 31 Aug 2012 | Farm Land Bill | Central farm land management committee (chaired by | According to law, if a certain ministry or government's department needs to use a plot of land to implement projects of the country, the ministry or department must |

³⁹ "Financing Dispossession - China's Opium Substitution Programme in Northern Burma", Transnational Institute, February 2012

| | | | |
|----------|--|---|--|
| | | Minister of Agriculture and Irrigation) | inform the committee. If a plot of land is confiscated for public benefits or for the nation, the committee must help the landowner to get compensation without delay. If the land plot is sold out or hired to a foreign company without the knowledge of central government, the farmland must be confiscated. |
| Jan 2011 | SEZ law (issued by former regime SPDC) | Myanmar Investment commission | Provides several incentives for foreign investors, including up to 75 years (30+30+15 year) land use rights for large-scale industry. |

Attempted Solutions: Addressing land confiscation within existing Constitution

Protests against land confiscation or unfair compensation are increasingly frequent following new liberal reforms that espouse to being more tolerant of public demonstrations. Several political parties have raised the issue of land confiscation and land returns in Parliament e.g. NDF and NUP. The 88 Generation Student Group's farmers committee held a two day conference related to land grabbing. Others like PDP (Peace Diversity Party), SNDP and NLD are both campaigning and working with farmers to change the 2012 land laws.

CBOs have also been very important in reporting and advocating on the issue. Landcore Group, a coalition of non-government organisations working on agriculture-related issues, launched a plan on June 27, 2012 aimed at protecting the land use rights of the country's small hold farmers. The group intends to develop a framework to guide all agencies and actors seeking to promote pro-poor land reform.⁴⁰ Some policy advocates are also trying to persuade the government to adopt voluntary Food and Agriculture Organisation (FAO) guidelines on responsible governance on tenure.⁴¹

Land rights activist Han Shi Win has pointed out that although Article 31 of the Farmland Law states that the military should return unused farmlands and compensate for seized land. He also said the Central Land Management Committee, chaired by Minister for Agriculture and Irrigation Myint Hlaing, has done little to properly implement the law in

⁴⁰ <http://www.mmtimes.com/2012/news/633/news63304.html>

⁴¹ <http://www.fao.org/nr/tenure/voluntary-guidelines/en/>

land seizure cases. The land grabbing issue remains sensitive as activists continue to be arrested for dissent.

Mass discontent resulting from land confiscation has been recognised by government leaders as a serious threat to reforms and a critique of their legitimacy. In response, a bill was passed in July 2012 to form a parliamentary committee “Farmlands and Other Land Acquisition Inquiry Commission” to handle complaints. They produced a report on March 1, 2013 that stated they had received 565 complaints between late July 2011 to January 24, 2013 alleging that the military had forcibly and unlawfully confiscated 247,077 acres (almost 100,000 hectares) of land since the former regime came to power in 1988.⁴² The commission recommended that undeveloped lands be returned to their owners or handed over to the state, while affected farmers should receive adequate compensation for land that has been developed

An important finding of the Farmlands and Other Land Acquisition Inquiry Commission’s report is that farmers are not satisfied with the MPs’ efforts to address land grab cases and are losing trust in the reform process.⁴³ This was echoed by Union Parliament speaker Shwe Mann’s message to President Thein Sein during a parliamentary session on August 29, 2013 urging the government to return seized land without hesitation and to maintain the people’s trust in democratic reform. On August 23, 2013, presidential office Minister U Soe Thein also announced to the media that seized farmlands will be returned to their rightful owners in October upon production of ownership certificate.⁴⁴ On August 18, 2013 a Union assembly resolution required MPs to report their efforts to resolve land issues to Parliament every two months. Complaints will be received on a union level but passed over to regional and state governments to settle. Speaker of the lower house Thura Shwe Mann urged governing bodies to abide by the proposals urged by Parliament in accord with Section 228 (A) of the Constitution.

Table 6: Investigating committees and draft bills designed to tackle land confiscation

| | | | |
|-----------|---------------|--|---|
| July 2012 | Farmland Bill | Farmlands and Other Land Acquisition Inquiry Commission (chaired by agriculture and irrigation | Sixty members working with groups from each division and state that handle complaints and produce policy recommendations. |
|-----------|---------------|--|---|

⁴² <http://www.irrawaddy.org/archives/28506> and <http://www.mmtimes.com/index.php/national-news/6195-most-acquisitions-broke-land-laws-says-commission.html>

⁴³ <http://elevenmyanmar.com/politics/3246-parliament-speaker-calls-for-quick-return-of-seized-land>

⁴⁴ <http://www.mizzima.com/news-91481/prisoner-watch/9923-seized-lands-to-be-returned>

| | | | |
|-----------|--|--|--|
| | | minister) | |
| June 2012 | Presidential decree | Land Allocation and Utilization Scrutiny Committee, headed by the environmental conservation and forestry minister | A thirteen-member committee chaired by the minister for environmental conservation and forestry that also includes the deputy ministers for home affairs, border affairs, agriculture and irrigation and national planning. The committee has been tasked with preparing a land use policy in collaboration with local and international experts. It will also examine existing laws, rules and regulations, recommend and prepare revisions, and conduct a review of the land revenue system. The committee is also meant to advise the president on land use policy and land laws, and was partly created to offset the MOAI's monopoly of power over the land laws and land allocation. ⁴⁵ |
| June 2013 | Farmer's Interest Promotion Act/Bill (draft) | Parliamentary committee | Draft law to support farmers was released on June 30 2013 for public feedback. The 88 Generation and Open Society criticised the draft because it lacks provisions to give farmers land ownership rights and protection from land-grabbing, while concentrating on loans, industrial farming, market and pricing that serve the interests of bankers, industrialists and merchants. ⁴⁶ |

The state-run newspaper 'The Mirror' reported on August 24, 2013 that out of 655 complaint letters received by Parliament on farmlands seized by the armed forces, Defense Minister Lt. Gen. Wei Lwin verified and analysed 601 of the complaints. The Defense minister decided to relinquish 37,546 acres of seized farmlands and return them to farmers.⁴⁷ Sen. Gen. Min Aung Hlaing, commander-in-chief of the defence service, instructed the military to return unused farmlands that are located outside military bases. Those who have submitted rent for military welfare property can renegotiate a share of the profits gained from the land as a joint venture. He claimed the military has been investigating land confiscation cases even before the farmland investigation commission

⁴⁵ TNI report, Nr 11, May 2013

⁴⁶ <http://elevenmyanmar.com/national/2685-88-group-slams-bill-for-neglecting-farmers-interests>, draft law can be found in the June 30, 2013 edition of the New Light of Myanmar.

⁴⁷ <http://www.mizzima.com/news-91481/prisoner-watch/9923-seized-lands-to-be-returned>

sent them the complaint letters.⁴⁸ In October 2013, the Myanmar army reportedly started returning about 10,000 acres out of 37,000 acres seized in Rakhine state by previous regimes to farmers through the state level government.⁴⁹

Some cronies are also voluntarily compensating seized land. U Zaw Zaw of the Max Myanmar Company paid 13 local landowners 728.5 million kyats (US\$838,400) for the seizure of 106 acres of farmlands in Ngwe Hsaung sub-township in Ayeyawady region.⁵⁰ Zaw Zaw also announced in June 2013 that he will return more than 50 acres of paddy fields confiscated by the Max Myanmar Group for shrimping to farmers in southwest Myanmar.⁵¹ According to an earlier ruling by the Farmlands and Other Land Acquisition Inquiry Commission, local farmers were set to receive approximately 2,000 acres confiscated by the Aya Shwe Wah Co., but residents in the area claim divisional officials have yet to return their property.⁵² U Khin Shwe, who owns Zaykabar Company and is now a lower house MP, is facing lawsuits by Mon farmers that want compensation and lands returned for farms seized for business ventures in Yangon Region from 2004. He threatened to sue the government if it did not recognise that he had been permitted to seize the contested land under the former military regime.⁵³

Among the NSAGs, the KNU is working on a land policy to protect lands from confiscation belonging to those of the Karen ethnicity within its control areas. The ethnic armed group will start documenting land confiscation cases to be proposed to the government. This was announced by Padoh Saw Dot Lay Mu, head of the KNU's Agricultural Department, during a land policy workshop in Karen state near the Thai border from July 23 - 25, 2013.⁵⁴

The KNPP is also helping locals to tackle confiscation claims over lands they say were taken for the construction of a government military training school in Pharuso township.

⁴⁸ <http://www.thejakartapost.com/news/2013/07/19/myanmar-military-return-18000-acres-confiscated-land.html>

⁴⁹ <http://elevenmyanmar.com/national/3716-army-returning-seized-lands-in-rakhine-state>

⁵⁰ <http://elevenmyanmar.com/business/1688-myanmar-s-mk-group-plans-a-joint-venture-with-a-thailand-company>

⁵¹ <http://www.irrawaddy.org/archives/36793>

⁵² <http://www.dvb.no/news/land-seized-by-crony-companies-to-be-returned-to-locals/28966>

⁵³ <http://www.irrawaddy.org/archives/40169>

⁵⁴ <http://karennews.org/2013/07/the-knu-land-policy-to-go-to-the-burma-government.html/>

Economic Grievance 4: Environmental and social impacts of development projects on local communities

Problem background

Development projects initiated by the previous SLORC/SPDC regime focused on rapid economic growth with little regard for environmental or social impacts. The 1990 ceasefires were especially instrumental in opening up ethnic regions to mass development/extraction projects. This led to an increased military presence and further mistreatment of locals by authorities that often were not only forced to relocate but used as forced labour in the construction of projects and infrastructure. Large scale development projects have also caused destruction to the environment and cultural heritage sites, perhaps the most sensitive case being the Myitsone Dam, expected to flood one of Kachin state's most sacred sites. Severe social consequences have also resulted from large scale developments. These include increased tensions between migrant workers and locals, an increase of drug abuse, gambling and the sex trade.

For details please see reports by the following environmental rights groups:

1. Burma Rivers Network + member groups
2. Dawei Watch
3. Earth Rights International
4. Kachin Development Network Group
5. The Karen Environmental and Social Action Network
6. Karenni Civil Society Network
7. Shan Sapawa Environmental Organisation
8. Shwe Gas Movement
9. Ethnic Community Development Forum
10. Arakan Oil Watch
11. Salween River Watch
12. Landcore Group (Food Security Working Group)
13. The Border Consortium (formerly the Thai-Burma Border Consortium)
14. Forest Resource Environment, Development and Conservation Association

Attempted Solution 1: Improving management and assessment of development projects

Civil society groups have been strong in advocating on behalf of locals. They are collecting information, campaigning and lobbying the government, NSAGs and companies to follow through with the Environmental Impact Assessment (EIA), Social Impact Assessment (SIA) and the Free Prior Informed consent (FPIC). An important suggestion

from experts, activists, and now the government, is the need to increase the role of civil society groups as a voice for local concerns in decision making about development projects and policy reforms.

In the peace negotiations, CNF has requested assessments and formed an independent commission to ensure public consent on large scale projects. KNPP has also requested setting up a monitoring team for the construction of large scale dams. Environmental issues are included in the WGEC's transitional arrangements (cultural and economic arrangements, and natural resource management) and dialogue issues (questions about sustainable economic development). KNU also agreed with the government in their peace agreement to "support the basic needs of the people and ensure that development projects have the full participation and support of local villagers".

The government has responded to some opposition to large-scale projects. For example, a proposed coal power plant in Taninthayi region for the Dawei project was cancelled after No. 2 Electrical Power Ministry "read articles in the media". It has been heralded as a case wherein the government was "listening to the people's voice."⁵⁵ The Tamanthi and Shwezaye dams were cancelled by the Indian government investors in June 2013. Opposition from local groups over environmental impacts has been cited as a key factor for the cancellation; it was also considered financial unfeasible by India's National Hydroelectric Power Corporation (NHPC). To much of the world's surprise, the government also stalled the controversial Myitsone Dam project, citing environmental and social impacts.⁵⁶

General efforts to improve governance and move towards decentralisation of power are an important factor in improving management of development projects, making responsible authorities more accountable and able to address local needs and grievances. *For examples please see: Economic grievance 2's "Solution 1: Institutionalising management power of natural resources and revenues" and "Solution 3: Improving governance"*.

Beijing's Global Institute of Energy and Environmental Change announced on September 4, 2013 they will provide Environment Impact Assessment (EIA) training for Myanmar MPs and Environment and Forest ministry staff. Following the training they will be sent on tours of rural areas in China for studies on implementation of environment protection schemes.⁵⁷

Another potentially relevant solution is the Ethnic Rights Protection bill proposed by Kutkai Constituency representative U Ti Khun Myat. The bill aims to safeguard ethnic rights through legal channels. It states that the protection of ethnic rights may help to increase the consideration and respect for social concerns in light of large scale development projects.⁵⁸

⁵⁵ <http://www.mizzima.com/news/inside-burma/6379-coal-power-plant-in-dawei-cancelled.html>

⁵⁶ <http://www.nationmultimedia.com/breakingnews/Ital-Thai-dam-project-halted-30206779.html>

⁵⁷ <http://www.mizzima.com/news/regional/10009-china-to-train-myanmar-mps-on-environment-assessment>

⁵⁸ Voice weekly on Aug 6

Attempted Solution 2: Corporate Social Responsibility (CSR)

An important solution commonly raised by experts and civil society groups is the need for companies to conduct corporate social responsibility that ensures proper EIA and SIA are completed, and that business practices are done both ethically and responsibly to minimize damage to the local society and environment. Another common suggestion is to publish the EIA and SIA reports and findings in the local language and make them publically accessible; something that most companies have not done. By concealing assessment reports, many companies have been allowed to continue projects despite negative ESIA findings showing potentially severe damage to both society and environment. Better communication with local communities will allow companies to gain trust and support for their projects.

Chinese companies in Myanmar have earned a bad reputation over the past two decades for their investment projects. Some are now trying to make amends by implementing social projects for affected populations. For example, the China National Petroleum Corporation (CNPC) is providing schools and medical facilities along the gas pipeline area.⁵⁹ However as the KDNG found with the China Power Investment Corporation's model village built for villagers displaced by the Myitsone dam, things are not always as they seem; the quality of the houses and land provided for farming was found to be substandard. Moreover, heavy surveillance of the village by soldiers has severely limited the residents' freedom. Such cases show that ensuring the quality and effectiveness of CSR is equally important.

⁵⁹ <http://www.irrawaddy.org/archives/40242> ; http://news.xinhuanet.com/english/china/2013-05/27/c_132412183.htm

Economic Grievance 5: Poverty and underdevelopment in ethnic nationalities areas

Problem 1: Underdevelopment of ethnic nationalities areas

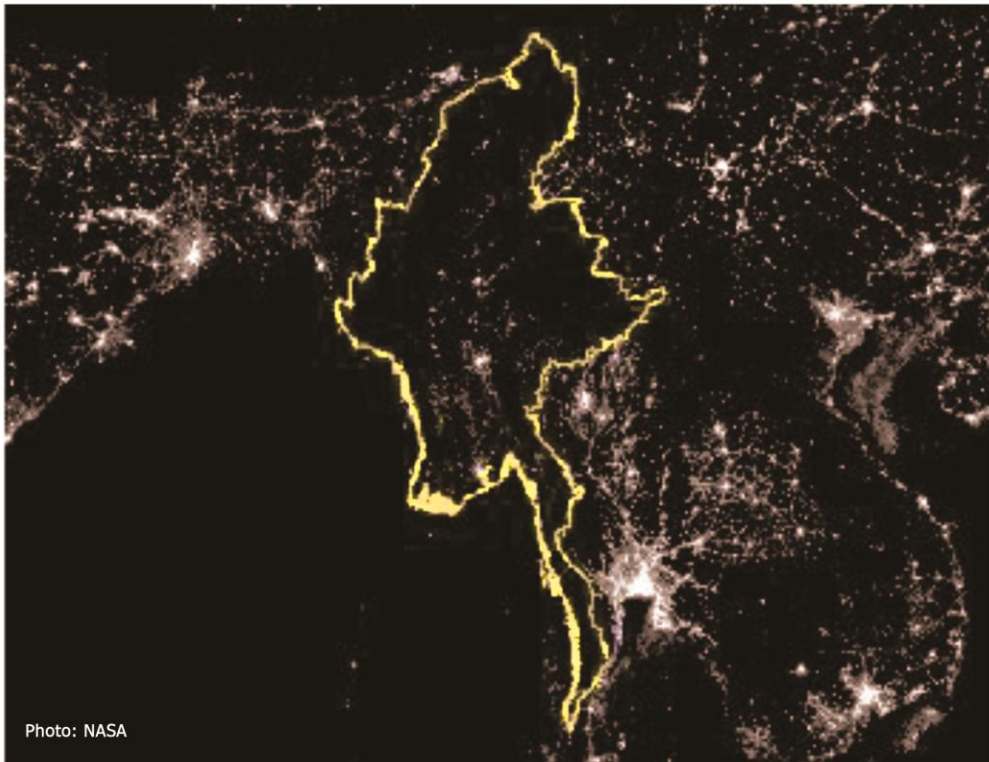
Though concrete statistics are unavailable or unreliable, it is generally understood that rural ethnic nationalities areas suffer higher rates of poverty than urban centers. This is due in large part to the protracted civil war that resulted in the military's "Four Cuts" policy.

These include: a) Cutting and blockading of communications between rebel armed groups (b) Embargo of people and consumer goods entering rebel territories (c) Search and destruction of core members responsible for supply, information, funds and recruits (d) Embargo on trade to reduce rebel revenue.

In rural areas there is very poor infrastructure in the way of roads, water supply, electricity and telecommunications. Educational standards and health services also lag far behind the urban centres. Despite the country's massive energy output that constitutes large parts of national export product and revenues the majority of the population lives without electricity.

According to a report in state-run Myanmar Alin (New Light of Myanmar), 74 percent of Myanmar nationals are not connected to the national power grid, while the other 26 percent do not have 24-hour access.⁶⁰ A map below depicting the night lights of Myanmar shows that most of those without electricity reside in border regions and ethnic nationalities areas. Ironically, many hydropower plants are also located in these ethnic areas. Unlike other countries where border and coastal areas tend to be more prosperous due to trade opportunities with neighbouring countries and the international market, this is not the case in Myanmar because of decades long civil conflict, instability and economic mismanagement .

⁶⁰ Myanmar Alin, September 13, 2013.



Map of electricity usage in Myanmar and neighboring countries

Problem 2: Balancing growth and sustainable development - lessons from the 1990s ceasefires

While it is important to ensure development and poverty eradication during the political process, many have voiced concern that development plans are shifting the focus of ceasefire talks towards a business agenda.⁶¹ This is premised on the belief that the security situation is still not stable enough and not yet ready for large-scale development projects. Following the detrimental experiences of the 1990s ceasefires, many are skeptical about business interests having any place in the peace process, saying it is the government's attempt to make NSAG leaders "mini-cronies," luring them away from their original ambitions of political autonomy and ethnic rights with capital incentive. Additionally, if these projects are unregulated and without proper safeguards, some fear that they may create negative impacts on society, creating more grievances that harm the overall peace process.

Following the recent ceasefires, there are concerns that the government has started and restarted large scale projects. One example is the Tasang Dam that had been previously stalled due to conflict, but was restarted in 2012 after a ceasefire was signed with the

⁶¹ for example, see interview with KNU's General Baw Kyaw Heh <http://karennews.org/2013/09/knu-gen-baw-kyaw-heh-exposes-how-ceasefire-agenda-has-shifted-to-business.html/>

RCSS/SSA.⁶² New economic and business initiatives have increased after a ceasefire was signed with the KNU. For example, three new SEZs and SIZs in Karen state capital Hpa-an and the border towns of Myawaddy and Three Pagoda Pass were announced following the ceasefire. Mining concessions in Shan state have also increased since 2011, with 46 mining companies being granted 276 concessions (mostly to UMEHL) covering a total of 28,325 acres in 11 townships.⁶³

Participants at a people's forum in Karen state in October 2012 was attended by thousands of residents affected by the conflict. During the forum there were recommendations to suspend large scale projects while peace negotiations are underway. Participants also want to include local organisations in the decision making process to promote sustainable peace and development. Moreover, they stressed the importance for both the government and KNU (NSAG) to address land issues related to the ownership of natural resources.⁶⁴

Attempted Solution 1: Development projects related to peace negotiations

In spite of the dangers related to development projects, most NSAGs are using the peace talks as a platform to negotiate for development projects in their areas as a way to alleviate poverty. The demands for development may also be a reflection of the third point of the government's eight-point peace plan "to cooperate in economic and development tasks". Under the WGEC's peace framework, economic power-sharing under transitional arrangements also includes the point, "Ethnic armed groups participate in the adoption of economic development projects that affect the well-being of their populations."

Listed below are development requests made by NSAGs during peace negotiations with the government.

Infrastructure and economic incentives

CNF

1. Establish a committee or organization to carry out development works in cooperation with domestic and international non-governmental organizations.

⁶² <http://www.irrawaddy.org/archives/8289>

⁶³ According to Shan Sapawa presentation on 8 Sept 2013.

⁶⁴ Press Release November 6 , 2012 War-affected Karen communities urge suspension of mega development projects during peace process http://kordcentre.org/wp-content/uploads/2012/11/Press-Release-English_1.pdf

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- a. 11 March 2013: Began tests for metal mineral exploration in Chin state (nickel, chromite, coal and copper vein, shallow oil wells).
2. Allow international tourists to freely travel in and out of Chin state to promote tourism.
 - a. 15 Aug 2013: Plans to establish tourist sites at Rih Lake, Bawipa and Zinghmuh mountains in Chin state.
3. Establish a SEZ.
4. Develop a national highway that connects all the towns in Chin state.
 - a. July 2013: CNF and three other local companies won tenders to build 15 mile roads that will make up a highway.
5. Union government shall construct at least one airport.
 - a. 19 December 2012: The government is building a domestic airport in Surbung Mountain in Falam township, Chin state. The site was surveyed by the CNF's delegation with the administrator of Falam township and the local participation.
6. Establish an organising committee.
7. CNF has the right to seek funding for development projects.
8. Provide basic services such as clean water and electricity, food security, healthcare and education.

DKBA

1. Regional development, settlement of members of Kalo Htoo Baw group and their families, improvement of socio- economic status in Sukali region.

KNPP

1. Electricity in all of Kayah (Karenni) state.
 - a. The Kayah state government said that 40 villages in Kayah state will receive electricity in 2013-14 after permission to provide licenses is granted to three companies.
2. The government and KNPP must cooperate for regional development.

KNU

No points were requested.

KPC

1. State allowance and assistance for self-reliant undertakings to quickly fulfill basic needs of education, healthcare, transport, water and electrical supply.
2. More development of border trade and regional infrastructure.
3. Commitment to allow Karen to cultivate their own land and utilise their own natural resources to develop Karen state. This includes infrastructure, farming, tourism, fisheries, import /export trade, schools, hospitals, medical care etc.

NDAA

1. Cooperation to improve tourism, mining, and electrical access in NDAA controlled areas.

NMSP

No points were requested.

PNLO

1. PNLO will submit a road construction proposal for Ka Du Gyi and Mae Aww. Union government must assist and cooperate on agriculture-based development.

RCSS

1. Cooperation with Union government for regional development.
2. Establish special industrial zone in RCSS control area.

SSPP

No points were requested.

UWSA

1. Agreement to adopt both short and long term socio-economic development plans.

Opening border trade: (following peace process 2011)

| | | | |
|---|-------------------------------|--|--|
| Tanintharyi: Htee Kee ⁶⁵ border trading post | KNU | Chief Minister of the Tanintharyi region | May 12, 2013 |
| Tanintharyi: Maw-taung (or Maw Daung) border trading post | KNU | | Opened May 7, 2013. Sin Khone (Thai side) to open Sept 2013 |
| Sagaing, Pan Saung (trading market) | Naga Autonomo us Region | Ministry of Commerce | announced plans: April 1, 2013 |
| Border Trade BP 13 | KNPP to consider | Kayah State Ministry of Transport | Reported on July 19, 2013. 3000 million kyats (about |

⁶⁵ <http://karennews.org/2013/05/border-crossing-goes-legal.html/>

| | | | |
|---|------|--|--|
| | | | US\$3 million) to build a road that links to Thai-Kayah (Karenni) after ceasefire. ⁶⁶ |
| Menglian Wa autonomous county (Yunnan Province) bordering the Wa controlled territory in Myanmar designated Border Cooperation Zone | UWSA | | Early Nov 2012 kicking off 1.95 billion yuan (US \$310 million) in infrastructure projects. |

SEZs and SIZs

Despite controversies over the negative impact of SEZs and SIZs on local populations, two NSAGs have requested that the government create special zones in their areas, hoping this will lead to a boost in economic development and job creation. During peace agreements, CNF asked for an SEZ in Chin state and the RCSS requested an SIZ in Mong Hta, Shan state, near the Thai border. Neither has yet been designated.

Social services and education

Another major demand in peace agreements is improving social services

CNF

1. The Chin National Front, the Union and State Governments shall cooperatively work together to promote information technology and computer skills in Chin state.
 - a. 13 August 2013 CNF released a tender notice in the government newspaper Kyaymon (the Mirror) for an educational development project. They are calling for 905 computers, 35 satellite internet, 30 Generators and Dynamos, 4 routers and accessories.⁶⁷
 - b. 11 June 2013, MPSI vowed to work with CNF to install internet in all of the thirty high schools in Chin state, and hold classes to promote IT and computer skills. A total of 90 computers were offered.

KNPP

⁶⁶ <http://ktimes.org/index.php/news/692-2013-07-18-17-35-42>

⁶⁷ Mirror (Kyaymon) newspaper, 13 August 2013

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1. Cooperate with INGOs and NGOs on health, education and social development in collaboration with the Kayah state government.

KNU

1. Support the basic needs of the people
 - a. 19 April 2013: For the first time the Karen Education Department and the Karen Teachers Working Group held a summer camp for teacher training.
 - b. 23 May 2013: Meetings between Karen Department of Health and Welfare and the government's Health Directorate for Karen State. Plans to deliver much needed healthcare will be announced. The two groups met in Myawaddy and agreed to work towards better coordination of healthcare services in Karen state.
 - c. Big Tiger Foundation to provide medical care and basic supplies to poor patients, starting August 31, 2013.

DKBA – No points were requested

NDAA

1. The Union government must agree to adopt long-term plans for cooperation of local people in treatment, prevention and education of health care to national people in Special Region 4 and ensure that healthcare expertise is acquired in the region.

NMSP

1. Work towards stability and development of education, healthcare and social sector in coordination with ethnic nationalities, armed organizations and the government as the ceasefire comes into effect.

PNLO

1. PNLO will cooperate with the Union government, state government and local authorities to implement education, healthcare and agriculture-based development.

RCSS

1. Assist and coordinate with NGOs and INGOs.

SSPP – No points were requested.

UWSA

1. The Union government must agree to increase opportunities for ethnic nationality youths in Wa Special Region 2 to pursue education with the goal of developing insights, receiving vocational training and developing human resources.

2. The Union government must agree to adopt long-term plans for cooperation of local people in treatment, prevention and education of healthcare for ethnic nationals in Wa Special Region 2 and ensure that healthcare expertise is acquired in the region.

Attempted Solution 2: Government's overall national and border area development plans

Border affairs ministry



Developing border areas has been part of the government's overall strategy to tackle the problems of ethnic nationalities and civil conflict since the transitional military regime took power in 1988. Under the previous military regime (SLORC/SPDC), the Border Affairs ministry was chiefly responsible for carrying out border area development as part of broader peace and stability measures. Its aim is to assist systematic plans to integrate national armed

into the legal fold. The ministry is one of three headed by the military, which suggests that development is driven by the military as opposed to economic strategy. Moreover, its role and strategies as outlined on the official website continue under SPDC plans and hence appear out of line with the rest of the reforms. The ministry keeps a low profile in the current peace process, which has been dominated by the Myanmar Peace Center, but at the same time it is still active in overseeing development projects in border areas, and is present - though not prominent - during ceasefire meetings.

Despite the importance of the ministry in border security and its ambitious development plans, very few people - including those involved in the peace process - are familiar with these plans. The significance of this development program from the perspective of the government can be deduced from the 21 predominantly military members of the policy making central committee chaired by the president. Most people in Myanmar are only aware of a school operated by the ministry to train ethnic nationality youths into government civil servants in their respective home areas.

The Border Affairs ministry's vision for development as peace is wide-ranging: from socio-economic development, poverty alleviation, designating SEZs, launching microfinance schemes, implementing infrastructure projects, protection of religion and culture, and poppy eradication. It has an ambitious plan to cover all aspects of development from large to small.⁶⁸ With a mission so vague and diverse, it is difficult to monitor exactly how much is being implemented and its effectiveness. As the stated functions of the ministry do not neatly match with its working subcommittees or measures taken for development, this suggests some disorganisation of the ministry's structure, calling its

⁶⁸ <http://www.mba.gov.mm/eng/node/227>

effectiveness into question. Its militaristic and nationalist mission is also still present in the functions list that is listed below:

9. To nurture all national people to constantly safeguard non-disintegration of the Union, non-disintegration of national solidarity and perpetuation of sovereignty.

.....

14. To make arrangements for the promotion and propagation of the Sasana in the border areas.

Another sign that the ministry is out of line with reforms is that its projects are based on previous ceasefire areas that have changed following recent breakdowns. The ministry's enigma is heightened by limited information about how it functions and what it has achieved. The only news regarding its current progress was found on April 24, 2011 when Myanmar Union Minister at the President's Office U Thein Nyunt (former Border Affairs minister under the SPDC regime) vowed to further carry out border area and ethnic nationalities development in the new government, claiming that, "a state fund of over 212 billion kyats (about US\$235 million) was used" in a host of different border area development projects.⁶⁹ Again, it is difficult to assess real impacts on the ground.

Based on the "Development of Border Areas and National Races Law" in Law No.11/93, amended in 1996, there is a "Master Plan for the Development of Border Areas and National Races" drawn up in 1993 in both short and long term phrases. According to the ministry website, "a 30-year long term plan for the development of border areas and national races, starting from 2001-2002 fiscal years up to 2029-2030 fiscal years". The details of this plan are still unknown. Nor is it known how the plan fits in with the current reformist government's peace plans and their overall national reforms. For example, the ministry is responsible for implementing donor projects in border regions; this includes two Nippon Foundation projects to build schools in Rakhine state.⁷⁰ More information transparency would improve understanding of how this ministry supports or contradicts the current peace talks led by Aung Min and the Myanmar Peace Center.

National development plans

The development of ethnic nationalities and post conflict areas is also highly dependent on the overall national economic development plan. The Thein Sein government has been pushing its first five year "National Comprehensive Development Plan" (2011-2016) targeting 'People Centered Development'. It is made up of four pillars of reforms: political, economic, public administration and private sector development.⁷¹ It has also promised to ensure balanced and proportionate development among regions and states allowing for inclusive growth of the entire population.

⁶⁹ <http://english.people.com.cn/90001/90777/90851/7359690.html>

⁷⁰ see <http://www.mba.gov.mm/eng/natala/cooperation-un-agencies-bilateral-and-ingos-under-process> and <http://www.mba.gov.mm/eng/natala/uningos-be-cooperated-and-implemented>

⁷¹ <http://www.elevenmyanmar.com/business/3416-myanmar-to-investors-more-reform-ahead>

Thein Sein's announcement of a people-centered development priority on August 9, 2013, after serving the last 30 months of his term in office, appears to be an effort to add more steam to the reform process. Four ministers at the President's Office have been appointed as coordination ministers to facilitate the various ministries and state or region governments (U Soe Thein, economic reform; U Aung Min, political reform; U Tin Naing Thein, private sector development and reform; U Hla Tun, administrative reform). These designated ministers are part of the National Reform Steering Committee led by the president and formed in August 2013 to replace the former project commission.⁷²

The government has pledged to reduce poverty to 16 percent by 2015, and its National Comprehensive Plan contains an eight-point rural-development and poverty-alleviation scheme targeting the 70 percent of the population residing in rural areas.⁷³ The duration of the plan implementation is from July 1, 2011 to December 31, 2015.

1. Development of agricultural production sector
2. Development of livestock and fisheries
3. Development of rural productivity and cottage industries
4. Development of micro saving and credit enterprises
5. Development of rural cooperative tasks
6. Development of rural socio-economy
7. Development of rural renewable energy
8. Environmental conservation

The plan was created during a three day workshop, "National Level Workshop on Rural Development and Poverty Alleviation," held in Naypyidaw on May 20, 2011. It is also part of an effort to meet UN millennium goals based on an all-around survey of household living conditions, jointly conducted by the UNDP, Ministry of National Planning and Economic Development between 2009 and 2010. Several committees were created to implement the plan, including a union level central committee (to adopt and supervise policy), union level work committee (ministers to take charge of each task) and region and state level work committees (to cooperate with rural people in 330 townships and 82 sub-townships).

In his Peasant's Day speech on March 2, 2012 President Thein Sein elaborated on his rural reform plan by emphasizing the need to catch up with neighboring agro-based economies in the following five ways:

1. enthusiasm
2. mindset change
3. land reform

⁷² <http://www.globaltimes.cn/content/811040.shtml#UjLV12SSDig>

⁷³ <http://www.myanmargeneva.org/11nlm/jun/n110621.htm> , <http://www.president-office.gov.mm/en/?q=issues/rural-urban/id-1845>

4. mechanization
5. using high-yield strains.

According to a Global Times report, several foreign countries and international aid organisations have already agreed to assist Myanmar's agricultural sector, including Japan, Thailand, Philippines and Vietnam.⁷⁴

Seven Points Development Plan or, Eco-Social Development Plan

A seven point development plan was announced on August 9, 2013 for the ruling government's remaining 30 months in office.⁷⁵

1. Electricity (fully implement regular electricity available in Yangon and Mandalay, and increase the number of households that have access electricity in all regions and states)
2. Drinking water (sufficient supplies for Yangon and Mandalay, increase the percentage of water available for households in townships located in regions and states.)
3. Agriculture (sufficient water for managing agriculture, distribution of enough seeds for crop cultivation, to fulfill capital needs, e.g. loans)
4. Creating jobs (develop industrial zones and SME; increase employment through the development of infrastructures and housing; establish special economic zones)
5. Tourism (develop more tourism infrastructure)
6. Financial sector (to develop the banking sector; stabilise financial markets; develop small and medium loaning sectors; establish working groups for the implementation of foreign loans and related matters).
7. Trading and investment (establish working groups to develop these sectors).

The government has been quick to implement this new policy. On August 13, government representatives from the President's Office held a forum in the Mon state capital of Mawlamyine to brief the seven point developmental plan and discuss the southeastern region's need for economic and infrastructural growth.⁷⁶

Other attempts by the government to tackle poverty include the Myanmar Employment and Skills Development Law that came into effect on August 30, 2013. The Employment and Skills Development Law covers job creation, reducing unemployment, developing discipline and capability of employees. The law also covers systematic and technical training, dispatching employees to external training courses to improve their skills in the

⁷⁴ see for details: <http://www.globaltimes.cn/content/765366.shtml>

⁷⁵ <http://www.president-office.gov.mm/?q=briefing-room/news/2013/08/12/id-4031>

⁷⁶ <http://phophtawnews.org/english/index.php/news/local-news/item/348-delegation-from-naypyitaw-details-country-plan-to-mon-state.html>

workplace. Myanmar's National Skill Standard Authority (NSSA) was also founded to provide skill training courses to meet 2015 ASEAN job market demands.⁷⁷

SEZs and SIZs are an important part of the government's plan for job creation, economic development and growth. Currently there are three large-scale SEZs (in Kyaukphyu, Thilawa and Dawei) and nineteen smaller SEZs and SIZs in the rest of the country. Plans for a new SEZ in Muse were announced on June 15, 2013. India has offered US\$150 million of credit for project exports in June 2013 for the establishment a SEZ in Sittwe in Rakhine state.⁷⁸

⁷⁷ <http://www.mizzima.com/news-91481/prisoner-watch/9972-employment-and-skills-development-law-takes-effect-in-myanmar>

⁷⁸ <http://www.hindustantimes.com/business-news/WorldEconomy/India-to-provide-150mn-to-set-up-SEZ-in-Myanmar/Article1-1073516.aspx>

Economic Grievance 6: Market competition between racial groups

Problem background

According to many analysts, the recent communal violence and anti-muslim sentiments is also said to have economic roots. The “969” Buddhist movement led by a monk Wirathu, claims that it is a retaliation to the Muslim “786”, a number prominently found on all Muslim businesses and shops throughout the country. The symbolic number used in South Asian Muslim tradition to represent the Quranic phrase “In the name of Allah, the Most Gracious, the Ever Merciful”, has been said to be a long standing misinterpretation by the Myanmarese as a Muslim conspiracy to take over the world in the 21st century, as they see 786 to represent 21 ($7+8+6=21$).⁷⁹ This alleged fear is aggravated as Muslims dominate some small and medium sized business sectors, while large Muslim-owned construction companies like Naing Group, are gaining prominence in the business world under the new government.

Anti-Muslim sentiments can be seen to be part of the country’s overall xenophobia, deep rooted from the days of British colonialism when foreigners were given economic privileges over natives. The cartoons below from a 1939 book *The Immigration Problem of Burma* by Thein Maung, and included as evidence in the government’s *Interim Riot Report* of that same year, were used as nationalist propaganda and expresses the strong anti-immigrant sentiments of its time. Muslims in Myanmar today continue to be portrayed as dangerous foreigners that aim to dominate the country in every aspect from the economy, society and politics. The segregation of Muslims due to religious and dietary customs that prohibit them from frequenting Buddhist restaurants for example, makes the religious cleavages more salient.

⁷⁹ http://www.asiasentinel.com/?id=5276&Itemid=208&option=com_content&task=view
“Burmese Neo-Nazi Movement Rising Against Muslims”, Kosak Tuscangate, 22 March 2013



(L) "Frightened from the south and taken away from the north, the man in the middle is left with an empty stomach"; (R) "Crowded out by the guests, such is the lot of the Burmese". First published in *The Immigration Problem of Burma* by Thein Maung (1939). Images from Michael Adas's *The Burma Delta* (1974), courtesy of the British Museum.⁸⁰

According to the 2013 Rakhine state Investigation Commission report on Rakhine state communal violence, conflicts over resources between Rakhines and Muslims is cited as an important cause of friction. The Rakhine have expressed concern that Rohingyas are trying to take control of their economy and resources in their area, for example land in several townships in Rakhine state are mostly owned by Rohingyas e.g. Myaypon township 85%, Maungdaw 85.66% and Buthidaung 84.75%. The Investigation Commission's report hence

⁸⁰ The Burma Delta. Economic development and social change on an Asian rice frontier, 1852–1941, Madison, Wisconsin: Univ. of Wisconsin Press, 1974, pp195

suggested using economic and local development as one tool in solving the conflicts between Rakhine and Rohingya communities.

Attempted Solutions

Racial and religious violence remains a highly sensitive issue in Myanmar. Currently most of the activities to tackle communal conflict are interfaith activities in Yangon such as workshops and personal exchanges to better understand each other. However none have been held in Rakhine state. Education has been suggested as an important solution by the Rakhine State investigation commission, and legal protection is an ongoing issue that has been raised. One issue that has not been discussed much is tackling economic roots such as competition between different racial groups for land ownership and market dominance.

Observations

Economics is inextricably linked to peace negotiations and power politics, especially when considering issues of ownership and management power over natural resources in ethnic regions, legal sustainability of NSAGs and tackling socio-economic inequality in ethnic areas. The question then remains, how to effectively use economics as a tool to benefit the peace process and ensure a win-win situation for all. Below are some suggestions for key actors based on this report's findings.

Government

The government holds the largest responsibility in driving economic policy that will determine whether grievances fueling conflict can be solved or aggravated. The reformist government has initiated a host of new policies and committees that have tried to address the many problems raised. Whether these are really functional and efficient remains to be seen. At present, the large number of new initiatives and speed of reforms make the process extremely complex and difficult to monitor.

One important issue that holds back reforms and prevents real implementation is the tendency of the military to obey its own command over the government's, as well as its continued dominance over the economy and government structures.

Recommended Military reforms:

1. Reform the military to support the democratic reform process (especially cooperating better in enforcing ceasefire terms promised by the government to NSAGs)
2. Continue strengthening state level administration to reduce its dependence on the GAD and Home Affairs ministry)

3. Reform the Border Affairs ministry and reconsider its alignment with the 2011 government peace plan and its role in the peace process
4. Reduce the military's dominance in the economy by reconsidering the need for UMEHL and MEC

Recommended governmental reforms to address conflict-related grievances:

1. Improve institutions to enforce the law and promote good governance
 - a. constitutional provisions for clear natural resource sharing
 - b. strengthening the judicial system
 - c. tackling endemic corruption
 - d. improving transparency
 - e. increasing the role, power and budget of state governments
 - f. increasing stringency on selecting companies that have good CSR records and committing to a clear set of standards/rules for them to follow
 - g. mandating and monitoring ESIA
 - h. including civil society in decision making to improve responses to local needs and grievances
2. Enhance pro-poor development
 - a. welfare (education is extremely important to long term investment - for improving human resource standards, quality of life, and the country's overall future, health, employment assistance and facilitation)
 - b. supporting SMEs (funds, micro-loans, entrepreneurial support, cross border trade, business training, holding more expos, promoting trade and investment)
 - c. improving infrastructure (roads, telecommunications, access to internet, public transportation, reliable electricity supply)
3. Righting the wrongs of the past (gain the trust of its people, especially ethnic nationalities that have most suffered the costs of civil war. Also necessary in ensuring the success of ceasefires)
 - a. reforming land laws
 - b. expediting the return of confiscated land
 - c. investing more in the development of SMEs and agricultural policies
 - d. anti-monopoly laws
 - e. anti-corruption laws

NSAGs

NSAGs should consider a grand strategy to attain political power, equal rights, ownership and management power over natural resources in their regions for ceasefire talks and ceasefire agreements with the government. To date there has not been a clear consensus or

expression of how they wish to resolve ownership and management power over natural resources and revenues from their regions.

1. Maintaining a liberal and cooperative strategy to expedite the peace process for national reconciliation.
2. Enhancing pro-poor development and responding to local needs
3. Responsibility to conduct legal and open businesses
4. Tackling internal corruption and increasing transparency
5. Formulate a clear and concrete strategy about what they really want in official peace talks, including political power sharing and management over natural resources in their respective regions

Foreign Governments

1. Urge responsible investment of national companies doing business in Myanmar that are in line with the law
2. Development and Peace Process aid - ensure projects support government plans and are accepted by NSAGs to avoid contradiction and confusion. Projects should be sensitive to domestic politics, transparent and engage civil society groups
3. Continue emphasising foreign aid to improve governance by improving and strengthening Myanmar's public administration and public policy

Businesses

1. Foreign and domestic business companies must get suggestions from locals and consult with local people, and CBOs/CSOs if they would like to invest business projects locating in ethnic area.
2. Business or development projects must not hurt the livelihood and ensure security for local people. Large scale investments must avoid aggravating local grievances and fueling conflict.
3. EIA and SIA must be done before kick off business or development projects and publish the findings to local people with their language. EIA and SIA results must be explained to local people.

Civil Society Groups

1. Continue serving an important role as a voice of the people and monitors of the peace process
2. Uphold a good standard of reporting and professionalism
3. Cooperate with the government to encourage and strengthen reforms, participate in government outreach activities or schemes that engage civil society

Appendix

[Attempted Solutions for economic grievances chart - summary sheet]

Appendix

[Attempted Solutions for economic grievances chart - summary sheet]

SUMMARY TABLE

| ECONOMIC GRIEVANCES | GOVERNMENT BODIES | NON-STATE ARMED GROUPS | CIVIL SOCIETY | BUSINESSES (Foreign and Domestic) | FOREIGN AID |
|--|--|--|--|---|--|
| Increased militarization of economic projects [Conflict Source] | <ul style="list-style-type: none"> Peace negotiations and code of conducts | <ul style="list-style-type: none"> calling for a stop to development projects in conflict areas | <ul style="list-style-type: none"> calling for a stop to development projects in conflict areas | Mediating and facilitating peace talks | Mediating and facilitating peace talks |
| Unfair distribution of natural resource revenues [Political issue] | <ul style="list-style-type: none"> Decentralisation within existing Constitution: <ul style="list-style-type: none"> Parliamentary 2008 constitution review committee 10-point Framework for Economic and Social Reform (FESR) Formation of village and township committees New Region or State Hluttaw Bill Providing NSAGs business concessions Proposed: Myanmar Natural Resources Allocation Bill Improving governance <ul style="list-style-type: none"> Anti corruption action committee Anti-corruption bill Committee for Rule of Law and Peace and Stability Public Service Performance Appraisal Improving transparency <ul style="list-style-type: none"> EITI candidature | <ul style="list-style-type: none"> Repeated calls for federal constitution (currently being drafted) Business concessions | <ul style="list-style-type: none"> WGEC dialogue framework Campaigning for self-determination, federalism, and ownership | | Constitutional advice Governance assistance |
| Land Confiscation [People issue] | <ul style="list-style-type: none"> Farmlands and Other Land Acquisition Inquiry Commission Military returning land Land Allocation and Utilization Scrutiny Committee Farmer's Interest Promotion Act/Bill (draft) | <ul style="list-style-type: none"> Peace negotiation terms KNU land policy and committee | <ul style="list-style-type: none"> Collecting information, reporting local grievances Policy advocacy Advocating FPIC and EIA/SIA standards Promoting Pro-poor land reform WGEC's transitional arrangements | Crony Companies Max Myanmar and Aya Shwe Wah company returning land | |
| Environmental & Social Impact of development projects [People issue] | <ul style="list-style-type: none"> Cancelled 2 dams and stalled Myitsone dam Training MPs on EIA Proposed Ethnic rights protection bill | <ul style="list-style-type: none"> CNF and KNPP asked for monitoring groups on development projects | | Company CSR Enforcing EIA/SIA standards | Policy advice and advocacy Training civil servants and MPs |
| Poverty and underdevelopment [Overarching issue] | <ul style="list-style-type: none"> Border affairs ministry "National Comprehensive Development Plan" (2011-2016) 8-point rural development and poverty alleviation scheme 7-point development plan (30 month plan) Myanmar Employment and Skills Development Law SEZs and SIZs | <ul style="list-style-type: none"> Peace negotiation terms (Development pledges, development projects) + Business concessions Providing Social and education services for locals | | | MPSI, PDSG, Nippon Foundation and other overseas development aid |
| Competition over resources (Communal Conflict) | <ul style="list-style-type: none"> Rakhine state Conflict Investigation Commission | | Interfaith activities | | |

