

Myanmar's shifting pro-democracy movement

Reviewing its adaptations and resilience amid mounting pressure

June, 2022



Independent
Research
Network

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Executive Summary

1. Myanmar's pro-democracy movement is multifaceted, ranging from institutions that enjoy legitimacy across Myanmar to networks that provide services and substitute for the state at the local level. These organizations have diverse forms of funding, varying approaches to the resistance and different visions of the future. This diversity across the movement has proven both a strength and vulnerability for the Myanmar's resistance since the coup on 1 February 2021.
2. Since the coup, even as the resistance to Myanmar's military has diversified, many of its actors have sought to unify in their shared aim to remove the military from power. Amongst the country's democratic leadership, this has focused on identifying a shared vision of a future federal democracy. Amongst local actors – both armed actors and civil society groups working to support the population – this has tended to prioritize cooperation to service immediate humanitarian needs.
3. The SAC has imposed restrictions that attempt to stifle the movement and fracture its emergent unity. These restrictions take on two forms. Some have been directly imposed by the SAC. Others have emerged indirectly, as a result of the coup and subsequent political, economic, and humanitarian crisis over which the SAC has presided. This brief focuses on the financial and economic restrictions that the pro-democracy movement has navigated since the coup.
4. The pro-democracy movement's response to the constraints placed on it highlight both its resilience and the limitations of the SAC's powers. Because many of the restrictions that are considered have spillover impacts on the broader population, the SAC is limited in its ability to directly target the movement. Its actions are also likely to further broaden and entrench the opposition to its rule.
5. While these restrictions have generally increased transaction costs in the pro-democracy movement's activities and strained its access to certain flows of resources, they have also led to new forms of adaptation and cooperation across the movement. The brief hypothesizes what they suggest about the movement's durability and sustainability as new pressures mount.
6. The final portion of the brief focuses on how new forms of cooperation have emerged across the movement. In different parts of the country, and at different moments over the last year, different actors have come together to maximize their legitimacy and shift their tactics. They have developed novel arrangements to access funds and to manage the consequences of economic collapse in different parts of the country. We focus attention on these novel arrangements to distill recommendations for how they can be encouraged and supported across the pro-democracy movement.

Introduction

The military coup of 1 February 2021 transformed the opposition to the Tatmadaw, and drastically altered the environment in which the resistance operates – but it did not create Myanmar’s long-standing opposition. Resistance to the military’s role in political life evolved over the course of many decades and changed significantly over the last years of Myanmar’s circumscribed transition. In the decade of liberalization that preceded the coup, civil society underwent significant growth; it took on a major role in supporting the population after Cyclone Nargis and gradually (albeit oftentimes within significant confines) became a source of countervailing power to the state and military.¹ After an initial period of hesitancy, where the NLD refused to abide by the terms of the 2008 Constitution, the party contested elections in 2015. They entered a tenuous power-sharing arrangement with the Tatmadaw, initiating a series of economic and governance reforms, but doing little to challenge the military’s conduct until, near the end of its term, the NLD moved to amend the 2008 Constitution. Some ethnic actors and leading figures in civil society went along with this approach, while others grew firmer in rejecting the governance framework created by the 2008 Constitution. On the eve of the coup, the opposition to Myanmar’s military was divided in both tact and vision.

The coup and its subsequent impacts have reconfigured the opposition once again. Three changes are most notable. First, in the months after the coup, mass-mobilization reached an intensity and breadth without precedent in Myanmar’s decades-long struggle for democracy. Second, an entirely new set of organizations, networks and tactics of resistance emerged in the coup’s aftermath. Most significant is the People’s Defensive War, which is a nationwide uprising oftentimes described in the idiom of revolution. It marks a significant departure from prior strategies of non-violent resistance in Bamar majority parts of the country and triggered a sharp escalation in violence in parts of the country where longstanding civil conflict had been tamed by the tenuous stability of ceasefire capitalism. Finally, a new generation seized a primary role in political life over the last year. The proliferation of new actors, particularly those belonging to Gen Z, comes as many of the longtime leaders of resistance are under arrest, in hiding or now in exile.²

To understand the longstanding opposition to the military, and the frenetic change in its composition over the last year, this brief proceeds in three parts. First, the brief offers a stocktaking of the different actors in the pro-democracy movement and their relationship to each other some sixteen months after the coup. Second, the brief provides a typology of the restrictions that the State Administrative Council (SAC) is employing to target the pro-democracy movement. Finally, the brief considers how mounting financial and economic restrictions reshaped the pro-democracy movement over the last year. This focus offers a means of considering how the movement’s range of actors shifted their tactics and vision over the last year. By looking at the past year of adaptations in response to SAC-imposed financial restrictions and economic constraints, we offer a framework for thinking about the durability of the pro-democracy movement. We hope to shape discussion about the ability of the movement to navigate forces that are attempting to thwart its work, reverse its momentum and undermine its broad support.

1 https://asiafoundation.org/wp-content/uploads/2020/03/Strengthening-Subnational-Civic-Engagement-in-Myanmar_EN_4.22.20.pdf

2 <https://www.nytimes.com/2022/03/31/world/asia/myanmar-coup-prisoners.html?smid=em-share>

Rationale

While summarizing other constraints faced by the pro-democracy movement, this brief focuses especially on the financial and economic constraints that it faces. The research took this focus, in part, because of the theory of change that appears to guide many who are involved in the pro-democracy movement. Immediately following the coup, much of the opposition oriented itself toward a strategy of denying both legitimacy and resources to the military and its allies. If electricity bills went unpaid, or if civil servants left their jobs, disobedience could stunt the flow of vital resources to the military as it attempted to consolidate its control of the state. If the military and those who prop up its power could be made to bear higher costs than expected, and denied effective control of key state functions, there would be a greater likelihood of reversing the coup. With this strategy, the costs and risks of 1 February would be intensified: the military would lose vital allies as its ability to extend economic opportunity diminished, or factions within the military would conclude that backing down was their best option.³ With disobedience and denial, there appeared a theory of change that the military's power base would fold sooner than the people would accede to military rule as the swiftest pathway to stability.

Whereas the movement once focused on denying resources to the military and its allies, protracted resistance – sixteen months of disobedience and eight months of escalating conflict – means the movement has a constant and growing need for its own resources. Attempts to deny the military the resources and legitimacy that it needs to function as a state have come alongside mounting costs for the people of Myanmar. The pro-democracy movement must continue to support those who continue to deny the military the ability to function as a state, as well as the broader population as their needs grow in response to heightened conflict and economic collapse. In addition, armed resistance now requires its own significant resources. The brief proceeds to consider how different actors within the pro-democracy movement understand the trade-offs of supporting these varied elements of the resistance. As constraints on their activity mount, and the flow of resources remain strained, how do different parts of the movement retain legitimacy, deepen their emergent unity and continue in their attempt to deny the SAC?

³ This strategy continues to deliver results; the military is now unable to pay dividends from its holding companies to soldiers. This is one of the most recent signs of significant strain in the military's broader patronage system. See <https://www.irrawaddy.com/news/burma/military-owned-corporation-fails-to-pay-dividends-to-myanmar-troops.html?fbclid=IwAR2O82zbtbgf1vKEj-tz0M9XWqd1GC9BhXagctd2eVi-Y2yTvh-EuhqIKFKU>

Research Methodology

This brief is informed by a series of Key Informant Interviews conducted over a short window of research. During a three-week period, the interview team spoke with nearly 20 informants whose activities spanned all States/Regions in Myanmar. While conducting research in Myanmar creates significant risk at present, various steps were taken to manage this risk – including, but not limited to, an assessment of risk before each interview in consultation with the research team and advisors; anonymization of all key informant interviews; and use of the team’s trusted networks to identify and contact appropriate interviewees. These interviews were supplemented by a review of other research and policy statements that have been issued since the coup.

These conversations provided a snapshot of a fast-evolving situation. Trends that were identified during these discussions provide examples of how the democratic resistance is adapting to the constraints directly imposed by the SAC, and to those that have arisen indirectly as a result of the SAC’s actions and inability to consolidate power. The brief is not diagnostic, but probing. In examining the movement’s culture of adaptation and resilience – in considering how pro-democracy actors changed tactics and strategy in response to the restrictions of the last year – this paper seeks to inform discussion of how the movement might respond to further deterioration in its operating environment. At the same time, the paper seeks to spark discussion about the ways in which the SAC is limited in its room for maneuver in attempting to stifle the resistance. While the military regime imposes restrictions upon the pro-democracy movement, the restrictions and fragilities of the SAC also become clearer.

Section 1.

Pro-democracy movement: Organizations and Networks

Actors in the pro-democracy movement function at different scales of activity, and through a diffuse range of organizations and networks. There are actors whose influence spans the entirety of Myanmar, while others possess significant influence in particular States/Regions. There are also distinct permutations of authority and civil society functions at the local level, where actors respond to urgent need and, sometimes, substitute for the state. Understanding the resilience and fragility of the broader movement requires consideration of how these actors complement each other, but also study of how they diverge in their aims, interests, access to resources and shifting levels of legitimacy and power.

Understanding both the resilience and fragilities of the movement requires consideration of its range of formal and informal actors. Particularly in the post-coup environment, informal networks of aid and support figure prominently in the movement. Decentralized networks – rooted in relationships that existed before the coup – oftentimes complement the work and direction of the movement’s formal actors, providing support in discreet ways to evade the reach of the SAC’s system of surveillance and control. There is not a dichotomy between the movement’s formal and informal actors, but rather a continuum of modes of organization that varies with each activity that is undertaken.

This way of conceptualizing the movement does not suggest that it fits together into a single form of organized opposition against the military, but it does stress that one of the biggest changes since the coup is a renewed focus on deepening trust and cooperation amongst the movement’s diverse range of actors⁴. The brief proceeds to ask how this reversal – from fragmentation on the eve of the coup, to an uneven process of unification – is unfolding against the backdrop of SAC-imposed restrictions on the movement’s access to resources. It considers how this new trajectory of opposition is taking shape at the local, State/Region and Union levels, and through the activities of both formal and informal actors.

Pro-democracy movement: actors and roles

| | | |
|--------------------------|---|--|
| <p>Union-wide actors</p> | <p>NUG - parallel government created from the NUCC dialogue and based on the partially agreed Federal Democracy Charter</p> | <ul style="list-style-type: none"> • Organizing amongst a range of actors involved in the pro-democracy resistance • Exercising select functions of the state, in instances where it is possible to evade SAC-imposed restrictions • Disrupting the flow of resources to the military and its allies • Responding to growing humanitarian crisis in the country, as it seeks, in part, to maintain the population’s willingness and ability to resist. |
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⁴ There are, of course, many other political actors who are neither aligned with the pro-democracy movement nor fully allied with the SAC. Their importance has also grown significantly since the coup, as they’ve helped to fill the gap of a receding state. While their role is not within the scope of this paper, it is crucial to the future of the pro-democracy movement.

| | | |
|---------------------|---|---|
| Union-wide actors | NUCC - representing a range of Myanmar's pro-democracy actors in envisioning a future federal union | <ul style="list-style-type: none"> • Providing a platform for political dialogue across a range of actors involved in opposition to the military • Bringing together the most inclusive political dialogue in Myanmar's recent history • Agreeing to the terms of a new political settlement in the country as part of the Federal Democracy Charter |
| | Committee Representing Pyidaungsu Hluttaw (CRPH) - deposed parliamentarians representing Myanmar's elected government | <ul style="list-style-type: none"> • Representing members of the democratically-elected parliament, a group that largely consists of NLD MPs • Working with the NUG and NUCC |
| | General Strike Committees | <ul style="list-style-type: none"> • Consortium of key unions and other civil society actors organizing disobedience; these groups are included in the NUCC process |
| State/Region actors | Statewide Consultative Committees | <ul style="list-style-type: none"> • Working to unify different pro-democracy actors, local authorities and EROs in their respective State/Regions ; this includes the formation of local administrative units • Most prominent in Kayah, Kachin and Chin |
| | Ethnic Resistance Organizations (EROs) | <ul style="list-style-type: none"> • KNU and KIO are the EROs that are most aligned with the NUG; they are also two of the EROs with the most sophisticated governance arrangements and established territorial control |
| Local actors | People's Defense Forces (PDFs) | <ul style="list-style-type: none"> • Local armed groups engaged in the People's Defensive War • Significant variation exists as to whether PDFs are aligned with the NUG's Ministry of Defense, EAOs, or operate independently |
| | People Administrative Bodies (PABs) | <ul style="list-style-type: none"> • Local administrative units, providing a wide range of activities where military authority has receded; these units have been created (or at least formalized) under an NUG directive |
| | Local civil society and mutual aid groups | <ul style="list-style-type: none"> • Organizations building off their preexisting legitimacy and trusted networks to respond to need, and to help those engaged in resistance |

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|----------------------|-----------------------------|---|
| International actors | Myanmar diaspora | <ul style="list-style-type: none"> • Key source of funding for pro-democracy actors within the country, directing funding to both Union-wide and State/Region and local actors • Remittance economy remains a key, but strained lifeline for vulnerable populations |
| | International civil society | <ul style="list-style-type: none"> • Helped to fund the growth of civil society over the last decade; • New perceptions of the international community, and new requirements as international actors try to work in Myanmar, are shaping the pace at which the pro-democracy movement can draw upon international support to access resources, deliver key projects and deepen its legitimacy |

Forces of fragmentation

At the local level, the composition of authority varies significantly across the country. As the presence of the SAC recedes in many rural areas, a range of actors are filling the vacuum to perform governance functions. There is significant variation in how these local actors operate in relation to the broader pro-democracy movement. People Administrative Bodies (PAB) groups are local administrative units, emerging primarily in parts of Sagaing and Magway Regions. These administrative bodies are usually backed by the NUG and operate in areas where SAC control is significantly diminished.⁵ In Rakhine, local administrative units are under United League of Arakan authority and largely disconnected from the broader pro-democracy movement. Elsewhere, CDM officials who have not returned to their positions are sometimes working with civil society to respond to challenges in their local communities, and receiving training needed to exercise more of an organized administrative function.⁶

Some PDFs are exercising governance functions in other parts of the country. In Chin, for instance, local administrative functions are not as independent as are those under United League of Arakan control in Rakhine, but they function with greater independence from the NUG. In rural communities, Chinland Defense Forces (oftentimes with multiple disparate units operating in a single township) are exercising a significant governance function, competing with the SAC to provide services to communities, and receiving funding from both the NUG and Chin diaspora.⁷ Other PDFs operate in different relation to Union-wide actors. Some are under the NUG’s command structure, others are more closely affiliated with EROs, and others still are independent from these broader political authorities.⁸

Local civil society – both organizations that existed prior to the coup, and informal networks that emerged following 1 February – are also working to support those targeted by the SAC.⁹ The ability of civil society institutions to engage in different parts of the country varies significantly, but interviewees generally noted the

⁵ See Brief 5: Gaining Ground: Local Administration by Resistance Actors in Myanmar (21 January, 2022)

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increased importance of informal networks at the local level: 'even NGOs are now outsiders' and grassroots community organizations are oftentimes best positioned to navigate the regime's surveillance apparatus. They can leverage preexisting relationships to work with the discretion that is needed to engage in political activity in parts of the country where the SAC authority remains significant.¹⁰

In post-coup Myanmar, trust has evaporated, and the public space has largely been forced underground. This is why it is so important to consider the breadth of the pro-democracy movement, particularly in identifying actors who can be supported as they respond to the population's urgent needs and seek to maintain the opposition to the military in the face of mounting risk. The centralized structures working to cohere the opposition across the country sit alongside a need for extremely decentralized forms of activity. As political elites work to create a unified opposition across Myanmar, the possibilities for extending support to the population as it engages in sustained resistance are ever-more localized.

Between cooperation and unity

The nature and degree of cooperation across Myanmar's range of pro-democracy actors is shaped by both material and political factors. Amongst opposition actors partaking in high-level political dialogue with counterparts across Myanmar, interviewees often discussed their divisions in terms of past grievance.¹¹ Some spoke of the sense that the NUCC is dominated by the NLD, noting that few other political parties are represented in the body. Divides remain, in other words, over accreted mistrust and an uncertainty regarding the political objectives of different groups that are represented within the broad opposition movement.¹²

At the local level, difficulties in cooperation are described in more material terms. They are related to the flow of funds and access to resources across the movement. Many PDFs appear to rely on their own sources of funding, including members of the business community and donations from the broader public and Myanmar diaspora. Such financial autonomy impacts the nature of their interactions with the NUG.¹³ At the same time, a sense of extreme fragmentation amongst PDF groups in some parts of the country – such as in Chin – is creating demand for a more unified approach at the State/Region-level and in collaboration with the NUG.¹⁴ And while political divisions may persist in forging consensus at the Union-level, interviewees noted that this does not mean cooperation is stifled at the operational level, where PDFs and EROs appeared to increasingly collaborate and engage with the NUG.¹⁵ Cooperation between resistance actors appears to be growing, even as political divides and resource constraints persist.

There are also different styles of cooperation among the different parts of the pro-democracy movement. At the Union-level, coordination is oftentimes future-oriented. Much of the dialogue is aimed at increasing trust by developing a shared vision for Myanmar's future and a set of policies to help actualize that vision as it

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becomes feasible to do so. At the local-level, cooperation is more immediate and tangible. It is more focused on sustaining the resistance and supporting the current needs of the pro-democracy movement, such as humanitarian relief to CDMers and IDPs, blocking flows to the military, and organizing the armed resistance. The movement faces a challenge in identifying how these two forms of cooperation can be made more symbiotic. How can efforts to build trust at the Union-level deliver improved material cooperation at the local level? Conversely, how can more cooperation amongst groups at the local level help to build trust, ground debates and shape priorities in the broader political dialogue at the Union-level?

While there is a move toward greater unity amongst the opposition to the military, it is important to note the variation in priorities among Myanmar's wide range of pro-democracy actors. Does the movement first need to agree on a plan for governance to be more effective in stopping the military while its rule remains fragile in the present? Does the pro-democracy movement need to focus more on boosting emergent forms of cooperation to ensure that populations continue to engage in disobedience and rejection of the military? Does the legitimacy of the movement, in the population's eyes, depend upon finding ways to scale up the resistance as quickly as possible regardless of costs, or is it more dependent upon alleviating urgent needs and helping the population to manage amid a period of prolonged resistance? The brief proceeds to consider how these different forms of cooperation – and the relative priorities of the movement – are shaped by the restrictions that emerged over the past year.

Section 2.

SAC-imposed Restrictions: Direct and Indirect

The second part of the brief offers a typology of restrictions imposed on the pro-democracy movement since 1 February.¹⁶ We suggest there are two primary categories of restriction: those directly imposed by the SAC and their apparatus of power, and those that emerged indirectly as a function of the economic, humanitarian, public health and political crisis over which the SAC presides. The examples of each should not be considered exhaustive, but the typology is meant to encompass the main areas where the pro-democracy movement is being forced to adapt its tactics and strategy. We present these categories of restriction to understand how the movements' institutions and actors are changing in response to the different types of constraints that the SAC is imposing upon it.

Direct restrictions targeting the movement

The SAC can use its control over the security apparatus and, to some extent, its control over state functions to directly target the pro-democracy movement and its range of actors. This section presents the different type of direct restrictions that the SAC is deploying. It considers the varying impact of these restrictions on both the pro-democracy movement and the broader population.

Surveillance and restrictions on movement

Key informant interviews across the country foregrounded the expansion of the surveillance regime over the past year. Most notable is the use of technologies to drastically increase the military's ability to monitor the telecommunications sector.¹⁷ Fear of this surveillance capability reached a fever-pitch with Telenor's divestment. The increased risk of digital communication – making it more difficult for actors to coordinate across different parts of Myanmar – is reinforced by a system of physical surveillance and restrictions on movement. Interviewees expressed a common sentiment that the network of SAC informants and pro-military groups is getting stronger, making coordination ever riskier for pro-democracy actors and organizations.¹⁸ This is most pronounced with the rise of pro-military militia groups, who have engaged in a campaign of targeted assassinations of NLD members in recent weeks.¹⁹

Civil society actors noted that increased surveillance is particularly acute in the financial sector, where there is an assumption that all transactions are at risk of being scrutinized by authorities for connections to the pro-democracy movement. The SAC's surveillance regime – one meant to illicit fear and stifle activity – is also evident in the regime's monitoring of physical movement. Security forces confiscate documents they deem suspicious at checkpoints, while also checking phones and other electronics.

¹⁶ While some research has considered particular challenges faced by civil society actors, the authors are aware of no work that has charted the diverse range of post-coup constraints that impact the pro-democracy movement.

¹⁷ See <https://www.reuters.com/world/asia-pacific/how-myanmars-military-moved-telecoms-sector-spy-citizens-2021-05-18/>; <https://theintercept.com/2021/06/14/myanmar-msab-eu-technology-regulation/>

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¹⁹ <https://www.irrawaddy.com/news/burma/myanmar-nld-members-relatives-live-in-fear-of-attack-by-pro-junta-terror-group.html>

Whether or not the SAC is able to exercise comprehensive surveillance over digital life, financial transactions, and physical movement of pro-democracy actors, there is an assumption of significant risk in almost all activities they undertake. A group of top businesspeople are also now purported to be banned from leaving the country.²⁰ Not only do the military's restrictions tend to have spillover impacts on the entire population, but an ever-widening range of actors are becoming the target of the military's restrictions. The military appears unable to distinguish between the resistance and the broader population – and the direct and indirect costs of instituting such a broad system of repression continue to mount.

Limited access to the financial system

Withdrawal limits remain given the persistent shortage of Kyat in the economy. Over the last year, this led to the development of an informal market to access hard currency. After more than a year of withdrawal limits imposed by the Central Bank of Myanmar (CBM), most private banks still impose restrictions that are more stringent than those set by the CBM. Fees to access cash exceeded ten percent at various points over the last year. These fees are now lower, but they still remain.²¹

Demand for foreign currency – as many households continue to attempt to move their wealth out of Myanmar – means that larger civil society institutions and pro-democracy networks access Kyat by exchanging foreign currency they bring into the country with those who want to convert their Kyat-denominated savings into other foreign currencies that they can move out of Myanmar.²² This serves as something of a release valve for pro-democracy actors seeking large amounts of kyat to operate in urban areas, but the withdrawal limits and persistent shortage of kyat have driven up price levels, and make it difficult for many in the movement to access cash.

The SAC appears to be responding to the workaround available to those who are able to bring hard currency into the country and then convert it to kyat, as a recent letter issued by the CBM called again for further scrutiny of foreign exchange transactions.²³ In the weeks since the research for this brief, the SAC also drastically escalated its crackdown on foreign currency transactions. It now mandates the immediate conversion of foreign currency into Myanmar Kyat, and delisted a number of businesses who failed to comply with reporting requirements on their foreign currency earnings. This policy not only appears an attempt to shore up the regime's strained access to foreign currency, but it also appears to be an effort to limit the movement's access to flow-of-funds; it is likely, though, to backfire for the regime, as the regime's desperate move to control all foreign currency flows is only likely to expand the informal financial sector.

Accounts that are suspected to be associated with the pro-democracy movement – ranging from unions to those supporting CDM – have also been restricted.²⁴ Trying to access cash at branches where one did not make their deposit now requires

²⁰ <https://www.mizzima.com/article/travel-ban-issued-against-27-myanmar-cronies?fbclid=IwAR0qLQKF1G-jLEloy2VnvYvGSamHXZXpcv9bSt-kWnbArGL6EfCLi1ZljP4M>

²¹ See Frontier Myanmar, Myanmar Financial Services Brief, 25 March 2022

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²³ Ibid

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additional paperwork and approval.²⁵ While those who have opened accounts with new deposits are able to access funds with relative ease, those who had funds in preexisting accounts faced persistent difficulty in accessing savings over the last year. All of this scrutiny means pro-democracy actors have to move funds across more accounts and in smaller amounts. The transaction costs of using the financial system increased significantly over the last year, but the regime's attempts to exert financial repression while managing its own financial vulnerabilities is proving costly. These efforts are undermining any attempt to stabilize the economy and the regime's own finances, while they appear limited in their ability to stop the flow-of-funds across the resistance.

Limiting the flow of goods

Transportation of goods, including aid to the most vulnerable populations, is also significantly more costly, if not impossible in some circumstances. Domestic buses and truckers are much more reticent to transport medical equipment, medicine or other forms of aid.²⁶ Blockades and checkpoints drive up the costs of transport more generally, and sometimes restrict it entirely.²⁷ This driver of growing cost of transport for aid and other goods required by pro-democracy actors is compounded by the significant rise in fuel prices across Myanmar. Persecution of those providing aid serves as another deterrent to those who seek to support vulnerable populations in other parts of Myanmar. At the least, the threat of persecution for the provision of aid raises the amount of effort required to extend assistance to vulnerable communities in a way that mitigates risk for both the providers and recipients of support.

Restricting the flow of information and communication

In the months after the coup, blanket restrictions on the use of mobile data and nightly internet shutdowns gave way to slower internet speeds and the SAC's whitelist, which tried to make the internet open for commerce while blocking potential political usages.²⁸ In parts of the country where resistance is heightened, internet blackouts remain a primary tool of repression; as many as twenty-two townships, for instance, faced such blackouts throughout last fall.²⁹ This shuts the flow of information from certain parts of the country, serving as one tool in a broader strategy of isolation and blockade where pro-democracy actors are most concentrated.

The military is now introducing additional policies that raise the costs of communication and coordination. These policies impact the entire population and might trigger unintended backlash by deepening the population's resistance to the military – but they are designed to stifle the pro-democracy movement at an even faster pace. Most notable is the increased cost of mobile data, which doubled in just

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28 See <https://graphics.reuters.com/MYANMAR-POLITICS/INTERNET-RESTRICTION/rlgpdbreepo/>

29 See <https://www.myanmar-now.org/en/news/military-cuts-off-internet-connection-in-11-more-townships-in-northwestern-myanmar#:~:text=The%20affected%20townships%20are%20Gangaw,the%20conditions%20in%20the%20region.>

two months after the SAC tripled the corporate income tax on telecommunications firms and imposed an activation fee on each new SIM card to stop pro-democracy actors from constantly changing their SIM card to evade the SAC's surveillance system.³⁰ The SAC is only becoming more extreme in these limitations: news recently circulated regarding a proposed policy to require all mobile phones to be registered in addition to the recent requirement for SIM card activation fees. The SAC's attempt to slow down and make it more difficult for pro-democracy actors to coordinate continues to grow more extreme and to impose escalating costs for the broader population.

All of these restrictions add up to make the transaction costs of coordination high – if not prohibitive – for many activities previously undertaken by civil society and pro-democracy actors. One example that shows the sum of these restrictions is in the distribution of support to CDM participants from the NUG lottery. Attempts to create a unified system of fundraising to support CDMers do not resolve the need for decentralized networks of distribution – and, in fact, brings more attention and higher costs to distributing aid through these networks. Mobile money agents must now report individualized data for their transactions to authorities. K-Pay is also making it harder to transfer funds, as the withdrawal must happen within a 24-hour period and the code for withdrawal cannot be used by another person.³¹

The NUG uses a centralized mechanism to mobilize funds for the CDM, but this also leads to increased difficulty in distributing such funds. The SAC imposes onerous restrictions on mechanisms that are used to extend support to those engaged in sustained disobedience. It also led the SAC to expend resources on a process to gather and process substantially more data. To what degree this collection of information is meant to deter, or whether the SAC is able to effectively use it to crackdown on pro-democracy actors, remains a question.

Indirect restrictions on the pro-democracy movement

This section considers how the SAC's actions create, albeit unintentionally, new challenges for the pro-democracy movement to navigate. These challenges arise largely from the collapse of the economy and the public sector.

Mounting humanitarian need and the difficulty of responding

One of the most impactful restrictions indirectly imposed by the SAC is the pace at which the regime is presiding over economic collapse and the spread of conflict. Humanitarian need continues to grow, putting new demands on pro-democracy actors.³² They are forced to allocate scarce resources to more parts of the country, while the costs and risk of reaching communities in need also mounts. Deepening humanitarian crisis is likely to shift the population's expectations of the movement. It might also change the population's tolerance of the risk and cost they are willing to incur in order to continue supporting the resistance and engaging in disobedience.

³⁰ See <https://www.aljazeera.com/economy/2022/2/11/myanmars-internet-gets-pricier-for-dissenters-apolitical-alike>

³¹ KII. Need to confirm the prevalence of these requirements on mobile money lenders.

³² See OCHA reporting.

Some communities might be less willing to bear the heightened costs of resistance, while others might deepen their resolve to bring about the revolution.

Against this backdrop of mounting need is the increased cost of providing support to the population. Not only are there increased transaction costs of coordination and risks that arise from SAC-imposed restrictions, but there has been a significant rise in the cost of importing and transporting goods into the country. Pro-democracy actors in many parts of Myanmar now need to use their own generators; to spend far more on fuel and transport costs; to purchase secure VPNs; and to find ways to reach those who are cut off from the internet and electricity.

Narrowing range of trust and cooperation

As the costs of coordination increase, there is more difficulty in establishing partnerships within the movement and fewer opportunities to elicit external support. This dynamic was evident in various key informant interviews. Those who are fundraising for civil society – as many international funds have either been withheld or repurposed for more explicit humanitarian aims – cited the narrow range of actors they can engage to seek financial support. While the NUG’s bond and lottery system provide some centralized mechanisms to mobilize funds, most networks of assistance have shrunk to those grounded in preexisting trust and personal connection. Fundraisers rely on groups of trusted friends to commit to monthly donations. They’ve also asked those within their personal network to offer valuable goods, like jewelry, to secure more funding for pro-democracy actors. Such solicitations are often made only amongst one’s trusted network.

The narrowing space for financial cooperation is coupled with the hard constraints on engaging with those beyond one’s immediate community: increasing electricity shutdowns; internet restrictions, as well as complete blackouts in certain parts of the country; and the restrictions on physical mobility, which are imposed by SAC-controlled security forces, public health authorities in the name of Covid, and also by other armed actors in the resistance in some parts of the country. While political organizations are emerging to bring together actors in a shared opposition across the Union, the opportunities for financial cooperation (and for social engagement and trust-building that is likely to be fundamental for more financial links to emerge across the pro-democracy movement) continue to shrink.

Perceived ineffectiveness in the donor response: another constraint on the movement?

Much of formal civil society enjoyed a close relationship with the international community over the last decade. Civil society networks that came to provide public goods and serve as a countervailing power to the state spread across the country, oftentimes with the support of international funding. Now, there is a sense amongst a number of pro-democracy actors that the international community is not coming to the aid of the people of Myanmar. Civil society organizations noted that some donors have repurposed projects for less risky activities, while others were hesitant to collaborate with donors because of a fear that the international actors are also working with the SAC. This is the case where, for instance, international actors are collaborating with groups that are seen to be aligned with the SAC in providing certain forms of humanitarian aid like the COVID vaccine.

Other informants noted that a lack of collaboration amongst international organizations who are supporting Myanmar is making the job of civil society actors and others in the pro-democracy movement even harder. In order to respond to humanitarian need, for instance, civil society institutions need to cooperate with a growing number of actors on the ground, but they also need to meet the varied demands of international funders. While some international funders have adapted the way they provide support, the overall landscape for international funding continues to frustrate actors within the country. Many parts of the pro-democracy movement are shouldering multiple new burdens: dealing with the immense complications of bringing funds into the country, and then of ensuring they can be mobilized effectively once they are in Myanmar. The view goes that the international support demands a significant amount of the movement's resources, while often providing little by way of benefit.

Section 3.

Emerging Trends in the Movement's Resilience and Adaptation to Financial and Economic Constraints

The pro-democracy movement's adaptations over the last year vary greatly across different parts of Myanmar. In this section, we present some of the adaptations in response to the financial and economic constraints that have been imposed upon the movement. These responses help to highlight both the strengths and fragilities of the movement. While it does not provide an exhaustive analysis, the trends discussed below are meant to inform thinking about how the movement can sustain itself. The adaptations of the last year also provide insight into pro-democracy actor's legitimacy and their shifting approaches to removing the military from political life.

Inflection point? Shifting financial support to PDFs

The Civil Disobedience Movement (CDM) became the most significant campaign of disobedience in the months after the coup. By August 2021, the NUG launched the Aung Lan Hlwin Chi Spring Lottery as its first centralized form of revenue mobilization. The funds raised from the lottery were committed to support and sustain the CDM. Before the launch of this lottery, many decentralized networks and online fundraising platforms were already helping to raise funds and extend them to CDMers. The system to discreetly provide aid to striking civil servants developed largely through preexisting relationships. Senior CDM officials in a department would ensure distribution to others who were striking from their office. A de facto arrangement emerged where more funds were generally allocated to junior officers in the bureaucracy, because they were likely to have less savings to tap into. There was also discretion amongst the team leaders to adjust support to CDMers based on the financial circumstances of those who were striking from their department.³³ The lottery worked to buttress and inject additional funds into the decentralized networks of support that emerged in the months after the coup.

Multiple conversations pointed, perhaps quite obviously, to an inflection point in CDM support when the movement's strategy of disobedience shifted toward self-defense. Donations to ad hoc fundraising platforms for CDM were said to wane around the time that the lottery emerged.³⁴ One informant who is still working to disburse funds from the lottery to CDM recipients highlighted how the shifting strategies of the resistance, as well as the constraints that it faces, are now interacting to further impact the remaining support available to CDMers. The mobilization of funds for CDM is diminished against the backdrop of a deteriorating economy, where households have less disposable income for mutual aid and donation to CDM. In addition, shifting priorities toward self-defense mean that a larger portion of a shrinking amount of funds is being directed to PDFs or through the NUG bonds (which fund both humanitarian and defense activities) rather than its lottery. It is also now more difficult to distribute money raised through the lottery given the fear of the SAC's heightened surveillance of the sector. For instance, someone who previously managed around 30 lakhs in support to CDMers per week is now only managing 20% of that amount. This funding is only able to support about 10% of CDMers within the network that they intend to support.³⁵ But this does not necessarily deter the CDM; one strike leader compared their sacrifice to the risk being taken on by those joining PDFs, asking 'who are we to stop resistance' given

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the dangers that others in the movement are exposing themselves to.

The shifting flow-of-funds provides some indication of the population's evolving expectations of the pro-democracy movement. The shift of support provided through the lottery, toward support to local networks that are funding PDFs, might be seen as an indication that people see armed struggle as the most plausible path to change in a movement that is operating with scarce resources and in an environment where the flow of funds is highly circumscribed. But this shift is not necessarily reflective of a fundamental shift in strategy or popular expectations of the movement. As domestic households have less disposable income, the diaspora is becoming a more significant source of funding and might have its distinct priorities. As new restrictions and surveillance emerge, donations through one's immediate connections and through informal networks also prove easier than partaking in the centralized funding mechanisms. In addition, some might be more likely to support local networks because of frustration with the frozen GoFundMe account and the fact that many of those who attempted to purchase the NUG bond were unable to do so.³⁶ In sum, the shift away from CDM support might give some indication of the goals of the population as they continue to fund pro-democracy actors; it might, though, also speak to important tactical considerations given the SAC-imposed restrictions.

Revenue-generation and legitimacy

One of the big questions is the way in which pro-democracy authorities – those that are viewed as legitimate but limited in their ability to function as a state – will navigate financial constraints by seeking to mobilize domestic revenue. In the borderline territory between governance authority and political actor, the choices that the NUG, PDFs, PABs and others make in raising revenue says a great deal about the role and relative confidence of different actors in the movement.

The bond and lottery served as two initial examples of this, leveraging Myanmar's culture of donation and broad popular support for the NUG to create centralized streams of funding for the NUG's priorities. In recent weeks, the NUG is also beginning to auction shares in military-owned properties, promising a portion of future profits to those who purchase shares if the NUG is able to control and sell the property in the future.³⁷ The alternative tax regime set up by the NUG also appears to function as something of a voluntary contribution-based system. Firms can pay their taxes – in accord with the NUG's tax law – to accounts controlled by the NUG. The NUG has made it clear that funds provided through this mechanism will only be used for humanitarian purposes.³⁸ This is labeled a discharge of tax obligations to what most people in Myanmar consider to be the legitimate Government of Myanmar; The NUG is not yet attempting to impose any penalties for noncompliance, although some local PDFs have recently announced plans to investigate and enforce whether residents are paying taxes to the NUG.³⁹

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³⁷ <https://www.irrawaddy.com/news/burma/myanmar-shadow-govt-to-sell-shares-in-junta-chiefs-residence-for-100-each.html>

³⁸ NUG Union taxation law

³⁹ See <https://mizzima.com/article/all-businesses-sagaings-yinmarbin-township-pay-nug-taxes-or-face-consequences>

Those who are supporting fundraising for PDFs are also careful in referring to revenues they receive as a contribution or donation, rather than tax. Donors are given certificates of receipt for their donation.⁴⁰ Different PDFs also appear to have their own fundraising arm. Many of the independent PDFs are said to rely on support from various business associations and the diaspora. In addition, some PDFs have confiscated illegally sourced natural resources (e.g., timber), creating another potential source of revenue. As needs continue to grow and financial pressures escalate, the way in which these PDFs (and the NUG and PABs) collect revenues will grow in importance and require careful choices to avoid undermining the movement's legitimacy and nascent unity. The rapid changes in the pro-democracy movement's sources of funds, and how they have evolved to navigate pressures from the SAC, deserves more sustained research attention.

Operating between the state and resistance

Some of the institutions, actors and networks in the pro-democracy movement still engage with SAC-controlled state institutions. Resistance can take on more chameleon forms when the risks of direct opposition are too high. Some civil society actors are considering renewal of their registration with SAC authorities, in order to continue their operations and avoid greater scrutiny from authorities. As organizations renew formal registration at the State level, they believe this step will help them to go largely unnoticed at the local level: oftentimes village administrators have left their territory or allowed civil society actors to continue their work discretely without approval letters from those higher up in the administrative hierarchy. This, though, is also said to create suspicion amongst other civil society groups within the same network.⁴¹

Others who engaged in sustained disobedience to deny revenue to the SAC have also been forced to reconsider their approach. Refusal to pay electricity bills and tax now raises questions as to who is occupying a property and attracts the attention of SAC authorities.⁴² This is a particularly stark example of the way the pro-democracy movement has been forced to transform its modes of resistance over the last year.

Redirecting the market

As strains persist in the flow of funds to the pro-democracy movement, different authorities in the movement are deploying their powers in new ways to support the population and buttress the resistance. One of the most notable examples comes from Kayah.⁴³ The block on humanitarian aid flowing into the state, and the heightened conflict within the state, is disastrous for the population's humanitarian situation. But through the cooperation of the Karenni Nationalities Defense Force (KNDF) and PDFs, innovative governance arrangements help to smooth risk across different parts of the State.

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These authorities came together to reach an arrangement with rice-millers in one township with a relatively stable food supply, setting a maximum price for rice and imposing a fine for sales made over the price ceiling. For four days a week, rice-millers are required to run their mill for IDPs and local households who produce their own paddy and are vulnerable to food insecurity. The rice millers can, in turn, produce rice and sell it at the maximum price for the other three days to parts of the state where a rice shortage remains. Paddy from community farms is brought to the rice millers to ensure food security within the local community four days a week, and the rice millers also get to use the byproducts from paddy that is milled on those days.

This is one arrangement where pro-democracy authorities use a combination of their emergent control (as SAC authority recedes) and legitimacy to manage the humanitarian crisis across townships. They've negotiated amongst actors to ensure that risk is spread across townships in the State. These authorities have formed a joint-governance arrangement, using the resources of one part of the State to contain humanitarian crisis in the surrounding area. While some flows to the pro-democracy movement are limited, the ability of different pro-democracy actors to leverage their legitimacy and the erosion of the SAC authority are enabling new ways of supporting the population and maintaining the resistance.

Expanding horizon of need

Novel arrangements of economic governance in one part of the country – where the pro-democracy movement is seeking to manage the consequences of the SAC's blockade – emerge amid a growing horizon of need across Myanmar. One of the most salient examples is in rural Chin State.⁴⁴ Populations in rural Chin have had to absorb new populations who returned from urban Myanmar, while also experiencing significant contraction in the remittance economy on which many communities previously relied.

Communities increasingly struggle to purchase staple foods, which they had ceased to grow for themselves and begun to procure with the revenues from new cash crops in recent years. These cash crops are no longer viable because of restrictions on the transit routes out of Chin, and suspensions in cross-border trade with China and India. Food insecurity is becoming another major source of displacement, on top of conflict, and even in townships that have had limited exposure to the fighting in the state. And while last year's harvest was successful, the increased price of inputs and limited manpower (as many have joined the CDF or fled across the Indian border) portends a much less productive harvest this year. The horizon of need is only likely to grow over the next months – Chin offers but one example of the growing challenges faced by Myanmar's population and, in turn, the pro-democracy movement as it seeks to maintain popular support for the resistance and substitute for a failing state.

As need expands, humanitarian aid is becoming deeply politicized in Chin's conflict. The diaspora is a major source of funding to help communities procure staple foods from outside of Chin, and the church has worked to mediate between

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the SAC and pro-democracy actors to ensure that aid reaches communities in need. Through its actions, i.e., of stopping food aid but allowing it again, the SAC appears to be imposing restrictions on the population in order to increase need, and then subsequently responding to need at a later date in an attempt to legitimize itself. Meanwhile, some CDF are accused of misbehavior in rural communities where they currently have a significant presence. All of these complications, amid Myanmar's growing horizon of need, raises questions about how the expectations of the people will shift as need grows and as the disparate actors in the pro-democracy movement work to coordinate their response amid severe restrictions on its access to resources.

Section 4.

Recommendations

The pro-democracy movement has shown resilience, not only in newfound momentum to organize around an alternative vision of a future Myanmar, but also in taking advantage of its diversity of organizations and networks to support the people of Myanmar amid persistent crisis. The decentralized nature of the movement might prove its foremost strength: it forces the SAC to impose costly restrictions that oftentimes further entrench popular resistance to the military. These restrictions oftentimes make it more difficult for pro-democracy actors to cooperate, but they have not stifled the emergence of new forms of cooperation and innovative arrangements of mutual aid and governance.

The SAC-imposed restrictions also compound fear and an omnipresent sense of risk amongst pro-democracy actors, but they do not appear to deter the resistance. It is clear that restrictions targeted at the movement are oftentimes dwarfed by the varied forms of communication and cooperation that became possible throughout the last decade of liberalization and technological change. In addition, cooperation across the movement has not pre-required unity in political vision; rather, the movement's diverse range of local actors have proven a source of its resilience, even while political consensus around a vision of a federal democratic Myanmar continues to evolve.⁴⁵

To maximize the strength of the movement's diversity, and to avoid the risk of fragmentation, amongst its many different parts, the NUG and NUCC might:

- a. Further recognize the wide range of governance actors in different parts of Myanmar, each of which enjoy different levels of authority and legitimacy in their communities. New local actors – both PDFs and PABs – exist in varying relationship to the NUG and to nearby EROs. While the decentralized and diverse range of actors involved in the movement limits the ability of SAC-imposed restrictions to stifle the movement, it also poses risks of division.
- b. The NUG is in a position to create norms and set strategy across this wide range of actors, even if it is limited in its ability to use financial incentives and traditional means of exercising state power to bring different authorities together. The NUG does not need to recreate itself in the image of a traditional state with the resulting temptations to control and centralize decision-making. Instead, it can continue to use its legitimacy to set a shared vision amongst pro-democracy actors. The decisions it makes, and the way it makes decisions, will continue to gain the attention of and set a leading example for other governance actors to follow. At the same time, the desire to operate deliberative and inclusive processes must be balanced against the need to show results and respond to the urgent needs articulated by local actors.
- c. Consider the trade-offs between long-term dialogue aimed at deepening trust across the pro-democracy movement and more immediate forms of cooperation to support vulnerable populations and maximize the effectiveness of the resistance in the present. Consider the extent to which focusing on the future is necessary for strengthening the movement now, and also consider

⁴⁵ Independent Research Network. "The Internal Struggle: The Fight for an Inclusive National Identity in Myanmar." June 2022

the opportunity costs of expending scarce resources on building alternative institutions and long-term political consensus as the immediate needs of local actors and the broader population continue to grow.

To better support the pro-democracy movement as they exploit the SAC's own limitations in exercising control, international actors can:

- a. Extend material and technical support to a range of pro-democracy institutions in response to the restrictions they presently face. This should include providing technology and training for secured communication to a wide range of actors who are currently at risk of the SAC's digital restrictions. In particular, international actors supporting the NUG should make it easier for them to develop a centralized set of financial accounts outside of the country. In addition, there should be efforts to extend mental health support to those who have been on the frontlines of the movement.
- b. Donors should agree to a standardized set of funding and reporting requirements for civil society institutions that they support; they should relax and harmonize requirements to the fullest extent possible in recognition of the significant challenges that local actors now face when operating within the country. Donors and INGOs who are still operating in Myanmar should issue clear and transparent policies that ensure their activities are not providing material support or further legitimacy to the SAC.
- c. Support State/Region Consultative Committees, which can serve as a conduit between local actors operating in very distinct contexts and Union-level political processes. This can help to make the different forms of cooperation amongst pro-democracy actors more symbiotic. In the first instance, this support might help the State/Region Consultative Committees to rapidly assess need and map key governance actors within their respective State/Region. This might allow donors to figure out how they can better support activities in different parts of the country, and support different local actors in coming together to promote shared governance arrangements that better manage the different permutations of Myanmar's crisis in different parts of the country. Helping to strengthen these State/Region Consultative Committees can mitigate tensions between EAOs and their local administrations, and those that are being set up under the auspices of the NUG in liberated areas.
- d. To avoid further fragmenting the pro-democracy movement, donors might agree to a clear plan for providing support aimed at advancing the Federal Democracy Charter. This would lend further legitimacy to the movement's progress to date and help to ensure its disparate actors continue to move in a common direction. Directly tying future support to the principles that the pro-democracy movement has agreed to can help to ensure that international actors are not adding to the coordination difficulties or unintentionally getting in the way of the difficult trust-building process that is ongoing across the resistance.
- e. To promote complementarity between local and Union-level elements of the pro-democracy movement, consider creating a secure digital public forum

where local actors, who are not typically included in elite political dialogue, can more clearly articulate their needs to the international community and fashion their own consensus as to key elements of a future federal Myanmar. This step could manage the risk of fragmentation in the movement, which is posed by the growing number of decentralized financial flows and fundraising efforts.

Further research might support both international actors and the pro-democracy movement as they navigate a fraught and frenetic operating environment. In particular, further research should:

- a. Explore how the SAC's attempts to consolidate power might unintentionally deepen the resistance and strain the regime. This trend became evident in considering the SAC's attempts at economic and financial repression, but it might also be clear in the peace process where, in recent weeks, the SAC's attempts to divide the opposition by renewing the peace process appeared to backfire.
- b. Explore how decentralized financing will shape the movement's trajectory. In particular, there should be consideration of how the NUG's centralized flow of funds, and those raised at the local level—both as donations and as taxes—can be managed to minimize the risk of division amongst political actors and avoid overburdening communities. How can material independence be managed alongside the need for increasing trust and cooperation amongst Myanmar's diverse resistance?
- c. Draw on models that are emerging in different parts of Myanmar, and from other comparable contexts, to consider how different local governance actors in the pro-democracy movement can come together to manage the economic, service delivery and humanitarian needs in their area. Myanmar's conflict and economic collapse appear to be compounding everywhere, but oftentimes in distinct ways based on the economic and political situation in each State/Region. Efforts should be made to create forums that bring different local governance actors together so they can consider the problems faced in their part of the country, learn from models being developed in other parts of Myanmar, and identify responses based on a combination of civil society and political actors who are equipped to respond to the most pressing governance challenges in each locale.