

Peace in Myanmar Demands a Focus on Natural Resources and a Reform of their Management

The United Nationalities Federal Council—one of the major coalitions of ethnic groups in Myanmar—has issued 11 policy positions, including five related to natural capital: land, agriculture, natural resources, energy, and forests and the environment. One of the major principles across the policies is the importance of sustainable development and the sensible use of natural resources for local benefit (and avoiding local harm). If these demands are ignored, it could put the ceasefire negotiations at risk, as well as long-term peace.

Myanmar's progress towards peace appears stalled. Since independence, the military (the *Tatmadaw*) and ethnic groups living at the margins of both the country and its power structure have fought in some of the world's longest running civil wars. In 2015, one of the major coalitions of ethnic groups, the United Nationalities Federal Council (UNFC),¹ has refused to sign the Nationwide Ceasefire Agreement (NCA)² and has issued 11 policy positions,³ covering: humanitarian aid; internally displaced people (IDPs) and refugees fleeing violence; health; education; taxes; trade and investment; and five that relate to natural capital: land, agriculture, natural resources, energy, and forests and the environment (see Annex 1).⁴ In this briefing, we examine the demands made by the UNFC, in particular self-determination, the heart of which appears to be ownership and control over their natural resources. Taking them at their word, the policies lay out the dimensions of the UNFC's vision for a peaceful future for their country.

In evaluating these policy positions, it is clear what the UNFC's demands are not. The ethnic groups are not demanding secession from the Union. Rather their policies serve as guidelines for the creation of a federal constitution and legal system, moving beyond the current unitary state, which is still largely controlled by the military.⁵ What is also clear is that the UNFC's negotiating position is based on cross-cutting principles, primarily self-determination, but also the adherence to international standards, including human rights. Importantly, the second most common principle—appearing in all policies except health—is the importance of sustainable development and the sensible use of natural resources for local benefit (and avoiding local harm).

The elite and other spoilers will resist local control

Most ceasefire agreements fail to recognize the need for the reform of natural resource management.⁶ There are lots of reasons for this, but in Myanmar, getting all the parties to recognize ethnic rights to self-determination and local ownership of natural resources will not be easy because so many elites currently profit from the exploitation of these resources. In the past, ceasefires only exacerbated tensions between elites and communities as the *Tatmadaw* and their corporate cronies benefited from what Kevin Woods termed "ceasefire capitalism."⁷ Sometimes the military attempted to draw ethnic elites into this ceasefire capitalism as a specific tactic for neutralizing opposition. Elites on both sides of the conflict who benefit from the current regime of central control over natural resources will likely resist any devolution of power outside of their control.

¹ <http://www.mmpeacemonitor.org/stakeholders/unfc>

² <http://www.pressreader.com/myanmar/the-myanmar-times/20170213/281479276164496>

³ http://www.burmaenac.org/wp-content/uploads/2016/11/ENAC_Sectoral-PolicyRecommendationsDraft_Eng.pdf; http://www.burmaenac.org/?page_id=204

⁴ The energy and forest and the environment policies have not yet been formally adopted.

⁵ Changes to Burma's constitution requires the support of more than 75% of MPs, even while the military holds 25% of the seats—effectively a veto

⁶ Blundell, A. and E. Harwell. 2015. *How Do Peace Agreements Treat Natural Resources?* Washington, DC: Forest Trends.

http://www.forest-trends.org/releases/p/peace_and_resources.

⁷ <http://www.tandfonline.com/doi/abs/10.1080/03066150.2011.607699>

They argue that decentralization drives greater corruption

Rhetorically, this resistance already takes the form of raising the specter of increased corruption with decentralization—as happened, for example, in Indonesia, post-Suharto, which witnessed an explosion in corruption in the resource sector. Mining licenses went from a couple hundred to over 10,000 when local politicians/bureaucrats were given the authority to issue permits. When Indonesia’s Corruption Eradication Commission began looking at these licenses, about half were not “clean and clear,” overlapping with other mining licenses (not to mention other permitted land uses).⁸ Corruption in the logging sector has been a source of campaign finance, thereby undermining local elections.⁹ But rather than an increase in corruption, it is more accurate to describe this as simply a change in the form that corruption takes. Decentralization produced a diffusion of corruption from a few choke points in a centralized military-state, to a decentralized state with many points of control.

This argues for anti-corruption measures (regardless of central or decentralized control)

While it is necessary to recognize the pitfalls of decentralization, they are not inevitable, nor even a representative picture. Forest Trends reviewed¹⁰ the experience of decentralization related to forest resources, and sadly decentralization has often failed to deliver. More than 60 countries have attempted some form of decentralization of forest management, and the results have been “largely disappointing” and rarely “resulted in pro-poor outcomes or challenged underlying structures of inequity.” But that is not always the case. *Where decentralization has worked best, it is almost universally because of the existence of good governance and “political will” to ensure that local institutions have the capacity (professional staff with adequate training and resources) to draft, implement, and enforce the rule of law.* (In fact, the same “failure to deliver” can be said for central management of forests; it too has generally been unsuccessful, unless tied to good governance.)

Focus now on building the institutional and legal framework for success

Reform of natural resource-governance is often ignored in peace agreements because it is complicated, technical, time consuming, and therefore, hard to communicate to the public and under-trained officials.¹¹ But perhaps most importantly, it is ignored because of the many influential actors who stand to lose if the reforms are successful. However, given that local ownership and management of natural resources lies at the center of the demands of the ethnic groups in Myanmar (and is the driver of many of their grievances with the Union government), it is inevitable that the issue will factor prominently in a peaceful future for Myanmar. So it is critical to focus now on how to build the conditions for success—especially the local institutions that will have to manage these resources and the “integrity mechanisms” that underlie good governance.

Indeed, the UNFC recognizes these needs and their policies repeatedly call for anti-corruption mechanisms, transparency, freedom of information, public participation, independent monitoring, and, where required, Free, Prior, Informed Consent (FPIC) for resource owners/users (see Annex 1). Moreover, the very process used by UNFC to develop these policies reflected a policy of consultation with their constituents (civil society and community-based organizations) to obtain consensus.

Failing to address the issue risks undermining peace, security, and ultimately development

If the demands of the ethnic groups are ignored, it could put the ceasefire negotiations at risk. And if the underlying institutional and legal arrangements around natural resources are not developed, then the long-term peace itself will be at risk. Elsewhere, more than half of all ceasefires fail within a decade, often driven by belligerents getting funds from natural resources.¹² UNFC has made it clear what it will take to prevent this in Myanmar. All the parties must now recognize this path to peace includes the reform of natural resource management.

⁸ <http://energydesk.greenpeace.org/2016/02/16/coal-corruption-indonesia/>

⁹ <http://economics.mit.edu/files/7860>

¹⁰ http://www.forest-trends.org/documents/files/doc_5403.pdf

¹¹ Blundell and Harwell 2015.

¹² Ibid.

Annex 1: Major Themes in the UNFC's Nine Published Policies, which will Form their Negotiating Position for a Peaceful Myanmar

	Forest & the Environment	Land	Natural Resources	Energy	Agriculture	Education	Health	IDPs & Refugees	Humanitarian Aid	Taxation	Trade & Investment
MAJOR PRINCIPLES											
Self-determination	•	•	•	•	•	•	•	•	•		•
Sustainable development/ environment	•	•	•	•	•	•		•	•	•	•
International standards	•	•	•	•	•			•	•		
Human rights, equity, & equality	•			•		•	•	•			•
Peace-building/ dispute resolution	•	•							•		•
ISSUES											
Traditional practice/ownership		•	•		•	•	•	•			•
Local ethnic control	•										
Corruption-free/transparency/accountability	•		•	•	•	•		•	•	•	•
Prioritize disadvantaged people						•	•	•	•	•	
Halt on large-scale investment	•	•	•	•	•						•
Free, Prior, Informed Consent (FPIC)	•	•	•	•	•						•
Coordination	•					•	•	•	•		
Monitoring/assessment	•					•	•	•		•	
States given the ability to tax		•	•		•						
"Right of return" for displaced peoples	•	•						•	•		
Priority to rural areas			•			•	•				
Public research					•	•	•				
No foreign ownership of land		•			•						
Maximum limit on amount of land owned		•			•						
Rule of law			•					•			
Tax sharing with states			•							•	
Environmental, social, health, & conflict risk assessments			•	•							•
Freedom to choose					•			•			
Freedom of association					•			•			
Local approval/recognition	•			•		•	•				
Remediation of impacts	•			•							
Education/information dissemination	•										
Food security	•		•								

	Forest & the Environment	Land	Natural Resources	Energy	Agriculture	Education	Health	IDPs & Refugees	Humanitarian Aid	Taxation	Trade & Investment
Recognize ancestral lands	•		•								
Water preservation	•		•								
Protection/conservation of the natural environment	•										
REDD/FLEGT ¹³	•										
Environment-friendly fuelwood	•										
Forest & ecosystem restoration	•										
Legal reform	•										
Promote eco-tourism	•										
Land may not be seized/confiscated		•									
Local knowledge must be taught		•									
Revenue sharing			•								
Independent monitoring			•								
Ethnic areas given priority for revenue from natural resources			•								
Access to capital			•								
Organic farming			•								
Opium substitution			•								
Prevent natural & human-made disasters			•								
Equal energy share				•							
Review of energy exports				•							
Encourage small-scale/renewable energy				•							
End coal-fired power plants				•							
Encourage critical thinking						•					
Local hiring						•					
Internships						•					
Focus on early childhood						•					
Vocational training						•					
Budget allocation from the federal union						•	•				
Universal coverage							•				
Alternative settlement areas								•			
Ban landmines								•			

¹³ REDD = reducing emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks; FLEGT = The EU's Forest Law Enforcement, Governance and Trade initiative that aims to reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in legally produced timber

	Forest & the Environment	Land	Natural Resources	Energy	Agriculture	Education	Health	IDPs & Refugees	Humanitarian Aid	Taxation	Trade & Investment
Tatmadaw withdraw								•			
Counseling services								•			
Do no harm									•		
Freedom of info/public right to know										•	
Progressive taxation										•	
Public participation											•
Promote SMEs/value-added processing											•

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